AUG 1 1942

Final Edition THURSDAY In 2 Sections – Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 156 Number 4094 New York, N. Y., Thursday, July 30, 1942 Price 60 Cents a Copy

OUR REPORTER'S REPORT

The Senate Finance Committee's action in turning thumbs down on the persistent demand of Secretary Morgenthau for ending of the tax exempt status of outstanding municipal bond issues should serve to turn the Treasury from that particular pet project for a considerable time into the future.

Since the House had already rejected the proposition, and since members of the Senate finance group were in several instances, quite outspoken in their opposition to the proposal, it would appear the better part of wisdom for Mr. Morgenthau to drop the matter, at least until the makeup of the various committees is changed.

The renewed controversy over the subject failed to exert any marked influence on the market for such obligations, perhaps for the reason that it had already become evident, from previous attempts to remove such exemption, that the Congress was not in a mood to tinker with the contractual obligations taken by the States and various other subdivisions when the bonds in question were issued.

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Our Reporter On "Governments"

The Government market couldn't be much duller without disappearing altogether. . . . Trading in recent sessions has been as small as dealers in the over-the-counter market and brokers in Wall Street remember. . . . Just about nothing going on—except talk of what is coming in the way of new issues, when the "tap" 2½s will be reopened, what issues will be sold along with the taps in August, what date the Federal Reserve Board will choose for revising the Reserve requirement setup so banks in the big cities can get extra cash for purchase of Governments. . . . Just talk . . . Little speculation. . . . Little switching. . . . Call it a pre-issue market situation, if you wish, and you'll have the picture. . .

Of course it's the "tap" issue that will snatch the financial headlines on this next financing deal. . . . Insurance companies, naturally, expected to take most of the bonds, provide the backlog of buying. . . . But the Victory Fund Committee structure is ready for action. . . . Much is being looked for from investment bankers cooperating with the regional committees. . . Corporate portfolios and trust accounts are to be aimed at and the bankers should bring in tens of millions through their efforts in this direction. . . .

Possible results? . . . Foolhardy to guess now, we admit, but dealers' opinions suggest total should reach near Treasury's objective of $1,000,000,000 from the taps. . . . Minimum looked for, $750,000,000 . . . Maximum, around the billion-dollar mark. . . . But this is being written days before the reopening of the issue and it's just a guess. . . . To be used as a basis for calculating the other financings of August. . . .

Chances are rest of money needed will be obtained by Secretary Morgenthau through another sale of certificates of indebtedness. . . . You may consider this a decided probability, with the exact amount of the certificate issue—$1,250,000,000 to $1,750,000,000—depending on how the taps go. . . As of today, there are two certificate issues outstanding:

$1,507,000,000 ½s due November 1, selling around par to yield .39%. . . .

$1,588,000,000 ⅝s due February 1, selling around par to yield .57%. . . .

As for increasing the bill issues, that's a possibility but the facts about bill issues recently aren't too encouraging. . . . The Federal Reserve System has been forced to absorb millions of the weekly issues—buying them from dealers who acted as intermediate subscribers. . . The bill offerings aren't going well enough to warrant pushing—unless Morgenthau is in a spot and must get money cheaply and quickly. . . . Present bill issues totaling $350,000,000 weekly, may be increased to $400,000,000 under highly adverse financing circumstances. . . .

Incidentally, banks can pay for these through their war loan deposit accounts—a stimulant which should have helped more than it did on recent issues. . . . On the last issue of $2,000,000,000 2s, the war loan method of payment was used by banks for 60% of the total . . .

There may be other offerings—say, a note or a different type of certificate issue. . . . But logic seems to direct the taps plus a certificate and another breathing spell for the bond market, preparatory to the fall borrowings. . . .

WAR BONDS

Despite all the favorable publicity, and publicity of increasing proportions it is, the war bond sales aren't going too well. . . . Ob-

(Continued on page 368)

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Association of Exchange Firms Finds Members Favor Principle of Mandatory Service Charge

Tabulation of the response to a questionnaire sent to 541 member firms by the Association of Stock Exchange Firms revealed that members are predominantly in favor of the principle of mandatory service fee for customers, but differ on the types of charges that should be made. All but 75 firms filed reports and of these 71 do no business with the public or carry no customers' accounts.

One hundred and eight firms responding to the quesionnaire voted an unqualified yes in favor of mandatory charges on the question, "Do you believe a fee of $3 should be charged for each transfer, except transfers made to complete delivery against purchase or sale?" Fifty voted a qualified yes; 35, no. Favoring voluntary charges 20 voted an unqualified yes; 15 qualified yes, 66, no.

"Do you believe that a charge for duplicate monthly statements should be made—at $1 per monthly statement and/or $1 per sheet?" Favoring mandatory charges, 131 of the firms reporting registered unqualified yes, 21 qualified yes, 40 no. Favoring voluntary charges, 25 unqualified yes, 14 qualified yes, 62 no.

"Do you believe that a charge of $3 per man-hour, with a minimum of $5, should be made for making out income tax schedules?" Favoring mandatory charges 152 firms reported unqualified yes, 21 qualified yes, 40 no. Favoring voluntary charges, 40 unqualified yes, nine qualified yes, 52 no.

"Do you believe that the New York Stock Exchange minimum commission rates should be charged for redemptions, subscriptions and tenders?" Favoring mandatory charges, 103 filed unqualified yes, 33 qualified yes, 56 no. Favoring voluntary charges, 25 unqualified yes, 11 qualified yes; 66 no.

"Do you approve of a charge on inactive accounts of $9 per quarter, with allowances made for interest and commissions earned during such three-month periods, so that no account produces less than $9 within the quarter?" Favoring mandatory charges, 97 firms voted unqualified yes, 51 qualified yes, 45 no. Favoring voluntary charges, 16 unqualified yes, 17 qualified yes, 68 no.

"Does your firm have in effect any service fees?" Favoring mandatory charges, 96 voted yes, 93 no. Favoring voluntary charges, 39 yes, 59 no.

The committee of the association found in summing up the results of the voting that:

"Service fees now charged by 135 firms responding to the questionnaire varied greatly in amount and services covered. This was particularly true in so far as Questions 1 through 4 were concerned.

"Service fees now charged by firms on inactive accounts ranged from approximately $1 to $5 per month, with allowance for interest and commissions earned being made either at the end of a monthly, quarterly or semiannual period.

"Although answers to Qestion 7 (the one asking whether mandatory or voluntary fees should be imposed) indicate that a majority of the firms replying to the questionnaire favor the principle of mandatory service fees, it should be noted that many of these firms were of the opinion that only certain types of fees should be placed within the mandatory classification. Therefore, it would seem obvious that the adoption of over-all mandatory service fees at this time would meet with opposition from a large section of our community and would provoke considerable controversy."

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W. G. Riley Joins Peter P. McDermott

William G. Riley is now associated with Peter P. McDermott & Co., 65 Broadway, New York City, members of the New York Stock Exchange, in the trading department. Mr. Riley was previously with the New York office of Blair F. Claybaugh Co., was with Kobbe, Gearhart & Co., Inc., and in the past conducted his own investment business in New York City.

Issues Attractive

Atlantic Coast Line 5s of 1945 and South American Gold & Platinum Company, although widely different, both offer interesting possibilities according to circulars being distributed by Arthur Wiesenberger & Co., 56 Beaver Street, New York City, members of the New York Stock Exchange. Copies of the circulars discussing the current situation in both issues may be had from the firm upon request.

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EMPIRE GAS AND FUEL COMPANY

Recapitalization Plan

Empire Gas & Fuel Company, a subsidiary of Cities Service Company, is a holding company which controls, directly or indirectly, subsidiaries engaged in the production, refining, transportation and marketing of petroleum and petroleum products. Some subsidiaries also produce and transport natural gas. Empire's two principal subsidiaries are:

Cities Service Oil Co. (Del.)
Cities Service Gas Co.

They also have substantial investments in:

Texas-Empire Pipe Line Co.
Texas-Empire Pipe Line Co. of Texas
Kaw Pipe Line Co.
Texas-New Mexico Pipe Line Co.
Great Lakes Pipe Line Co.

These properties are carried on Empire's consolidated balance sheet at $199,758,000 after depreciation and depletion reserves of $118,800,000. The properties produced gross revenues of $91,000,000 in 1941 on a consolidated basis and net income of $7,927,000.

Consolidated capitalization of Empire Gas & Fuel at Dec. 31, 1941, consisted of the following:

LONG TERM DEBT	
2% notes payable to banks	$4,700,000
Notes payable to Cities Service Co.	40,250,000
Subsidiary obligations	120,846,000
1½% notes payable	1,070,000
Total funded debt	$166,866,000
Preferred Stock ($100 par)—	
8% cum.	128,269 shares
7% cum.	235,209 shares
6½% cum.	32,873 shares
6% cum.	68,953 shares
Common Stock	750,000 shares

Giving effect to the issuance of the proposed debentures, the pro forma consolidated capitalization will consist of $58,789,000 of subsidiary debt, $21,534,800 of the new debentures, $5,770,000 of notes payable of Empire Gas & Fuel, and $102,307,000 of notes payable to Cities Service Co. which will be subordinated as set forth below.

All the common stock is owned by Cities Service Company, the parent. The parent company also owns 85,525 shares of the 8% preferred, 235,885 shares of the 7%, 27,397 shares of the 6½% and 48,746 shares of the 6% preferred stock. Of a total par value of $52,530,437 of preferred stock capital, then, Cities Service owns $39,755,336, or 75.7%. The remainder, or $12,775,101, is outstanding in the hands of the public as follows:

8% preferred	42,744 shares
7% preferred	59,324 shares
6½% preferred	5,476 shares
6% preferred	20,207 shares

At Dec. 31, 1941, total preferred dividend arrears of $35,650,100 had accumulated against which Empire Gas & Fuel has set up reserves of $20,770,058. Such arrears on the four issues were, on a per share basis: 8%, $76.66⅔; 7%, $67.08⅓; 6½%, $62.29⅙; 6%, $57.50.

According to a recapitalization plan recently filed with the SEC, Empire Gas & Fuel intends to issue $21,534,800 of 3½% debentures, due 1962, in exchange for the various issues of preferred in the hands of the public plus arrears thereon. The preferred owned by Cities Service would not participate in the exchange. Such new debentures are to be issued in a principal amount equal to the par value of the preferred stock holdings plus the arrears to Jan. 1, 1942. Empire Gas proposes to exchange debentures for preferred stock at the following rates:

Holders of—	Prin. Amt. For Each Sh
8% pfd. will receive	$176.66⅔
7% pfd. will receive	167.08⅓
6½% pfd. will receive	162.29 1/
6% pfd. will receive	157.50

The preferred stock owned by Cities Service Company, which will not participate, will remain outstanding. As part of the plan, Cities Service Company would transfer to Empire $62,057,000 of indebtedness owing to Cities Service Co. by Cities Service Gas Co. and Cities Service Oil Co. (Del.) in exchange for an equal principal amount of unsecured indebtedness of Empire. This indebtedness, together with the present $40,250,000 secured indebtedness of Empire to Cities Service, aggregating $102,307,000, would be represented by the promissory notes of Empire payable on or before Jan. 1, 1963, and would be subordinated to the new 3½% debentures as to both principal and interest. All holdings and interests of Cities Service and its subsidiaries would be subordinate in rank to the debentures. A sinking fund beginning Dec. 15, 1942, would retire all debentures by maturity. The debentures would be redeemable at par to maturity.

On a pro-forma basis the following income accounts (consolidated) of Empire Gas & Fuel for 1940 and 1941 show the wide coverage afforded the senior-ranking interest on the proposed debentures:

	(000s) 1941	(000s) 1940
Gross revenues	$91,081	$89,23
Costs & oper. exps.	39,229	43,22
Selling, gen. & adm. exps.	10,806	10,69
Maintenance & repairs	3,390	3,28
Taxes other than Federal	3,258	2,99
Rents & royalties	1,611	1,57
Depreciation & depletion	13,607	13,14
Lease rentals & cancel.	1,573	2,05
Dry hole losses, etc.	916	73
Operating income	16,691	11,56
Other income	79	6
Income from pipeline cos.	2,832	2,25
*Available for fixed charges	19,603	13,83
Debenture interest	754	754
Interest on subsidiary debt	773	96
Other interest, etc.	2,037	2,73
Interest on Cities Service oblig.	5,999	5,90
*Total int.—X-earned	2.09	1.43
†F. C.—X-earned	5.49	2.65

*Before Federal taxes.
†Excluding interest on subordinated debt.

The plan will not become effective until approved by a majority of the common and preferred, comprising also a majority of the preferred held by others than Cities Service. If so approved, the plan becomes operative when and if, prior to Oct. 1, 1942, 85% or more of the publicly held preferred express their desire to exchange their shares for debentures.

The company reserves the right to extend said date to Dec. 31, 1942, and the further right, with SEC approval, to declare the plan operative on a lesser percentage than 85%.

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Rail Bond Letter

This week's issue of Leroy A. Strasburger & Co.'s Railroad Bond letter will include easily comparable earnings figures for most major railroad systems for June and six months of 1942, together with some suggestions which, the firm believes, offer better than average attraction. Copies are available to dealers only and may be had upon request from Leroy A. Strasburger & Co., 1 Wall Street, New York City.

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Clark & Eyman Join B. W. Pizzini & Co.

The firm of Clark, Kohl & Eyman will be dissolved as of Aug. 1, on which date William C. Clark and Carl E. Eyman will become associated with B. W. Pizzini & Co., 52 Broadway, New York City, specialists in railroad securities.

C. R. Bergherm With Alien Property Custodian

CHICAGO, ILL.—C. Russell Bergherm has resigned as Vice-President of the Chicago Stock Exchange, effective immediately, to accept a position with the Alien Property Custodian in the New York office, it was announced by Kenneth L. Smith, President of the Exchange.

After graduation from Northwestern University in 1930, Mr. Bergherm was associated with Paine, Webber & Co. for five years and the Chicago Board of Trade for two years before joining the Exchange staff early in 1937 to take charge of the auditing department of the Exchange. Mr. Bergherm is a member of the Illinois Society of Certified Public Accountants.

Broker-Dealer-Customer Problem Subject Of Study

A booklet entitled "The Broker-Dealer-Customer Problem," which discusses dealers' profits, broker's commissions and the trend of recent regulation has just been prepared by Morris Cohon, 42 Broadway, New York City. In the opinion of the author, this is the first time that a study on this subject has been made available in printed form.

Mr. Cohon makes several constructive suggestions regarding the kind of profit a dealer is entitled to, and helps to clarify the confusion which has always existed in this matter. Among other pertinent facts, the booklet contains specific cases on which the SEC has recently handed down rulings.

Copies of the booklet, which is available only to security dealers and brokers, may be had from Morris Cohon at a cost of twenty-five cents a copy (coin or stamps).

Insurance Looks Good

Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges, have just issued a series of statistical studies on a number of insurance companies which offer, they believe, interesting situations at the present time. These studies are on Agricultural Insurance Company, Fireman's Fund Insurance Company, Glens Falls Insurance Company, Pacific Indemnity Company, Phoenix Insurance Company, Republic Insurance Company, United States Fire Insurance Company, United States Guarantee Company and Westchester Fire Insurance Companies. Copies of the circular may be had upon request by writing to the Bank and Insurance Stocks Department of Mackubin, Legg & Co. in Baltimore.

COMMERCIAL and
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Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341

Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, President
William D. Riggs, Business Manager

Thursday, July 30, 1942

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]

Other offices: Chicago—in charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.

Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

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SEC Dealers Confer On Uniform Reporting

A group of leaders in the investment industry conferred in Philadelphia on July 28 with representatives of the Securities and Exchange Commission on the question of developing uniform reporting to Federal and State agencies and others. The meeting of the group was the outcome of the first joint conference of financial leaders and the SEC on July 20 to work out problems confronting the industry as well as the Commission, referred to in these columns July 23, page 265.

Attending the meeting according to the "Wall Street Journal" were Edgar Scott, President, and Thomas B. Gravatt, Assistant Secretary and Assistant Treasurer, Philadelphia Stock Exchange; W. W. Peake, Executive Secretary of the Association of Stock Exchange Firms; Arthur H. Franklin, Treasurer, New York Stock Exchange, and William Gould, National Association of Security Dealers, Inc.

Representing the Commission were James A. Treanor, Jr., Director of the Trading and Exchange Division; Michael J. La Padula, Supervising Accountant; Olga Steig, Assistant Director of the Trading Division in the Over-The-Counter Section, and William Werentz, Chief Accountant of the Commission.

In reporting on the meeting, the "Wall Street Journal" of July 29 in advices from Philadelphia said:

"Mr. Treanor said that the meeting discussed the simplification of reports so as to have uniformity in the reporting by investment houses of financial statements. That is to say instead of having a different report for each agency, such as the SEC, state securities commissions, NASD and stock exchanges requiring financial statements from members, there would be one form of report so that a firm could make out one form and carbons and send them to the different agencies requiring such statements. This would result in a saving of both time and expenses."

The same group, together with other financial leaders and representatives of State securities commissions, is scheduled to meet tomorrow (July 31) in Cleveland.

Lamont Resigns Post To Enter U. S. Army

Thomas S. Lamont, a Vice-President of J. P. Morgan & Co., Inc., has resigned the presidency of the Greater New York Fund to take up active duty as a Major in the United States Army. Mr. Lamont, who is the son of Thomas W. Lamont, Senior Vice-President of J. P. Morgan & Co., is a director of the following corporations: The Continental Oil Co., the North British and Mercantile Insurance Co., Ltd.; the Phelps Dodge Corporation and the Texas Gulf Sulphur Co. He also is a trustee of the Community Service Society of New York and the University in Exile and Treasurer of the Edgewater Creche and a member of the Chamber of Commerce of the State of New York and the Reserve City Bankers' Association.

In announcing the resignation of Mr. Lamont, Walter S. Gifford, President of the American Telephone and Telegraph Co. and the Chairman of the Fund's Executive Committee, made public the following text of Mr. Lamont's letter of resignation:

"Since I have been ordered to active duty in the United States Army, I hereby tender with great regret my resignation as President and as a member of the Executive Committee of the Greater New York Fund and trust that you will present my resignation at the next meeting of the Executive Committee.

"It goes without saying that, so far as concerns the Greater New York Fund, I dislike having to give up my association with it, particularly at this time. I have deemed it a privilege to work with the other members of the Executive Committee and with Mr. Falconer and the other members of the Fund."

Mr. Gifford said that James G. Blaine, Chairman of the Fund's Board of Directors, will take over the duties of the President until the election of a successor to Mr. Lamont. "All of us at the Fund," said Mr. Gifford, "feel a real sense of loss in the resignation of Mr. Lamont. We lose a leader and friend, who has proved of inestimable value to the Fund from its very beginning. I am glad that he has consented to remain a member of our board of directors even while serving with the armed forces." Mr. Lamont has been with the firm of J. P. Morgan and Co. for 18 years.

Einar Johnson With E. C. Williams Co.

(Special to The Financial Chronicle)

ST. PAUL, MINN.—Einar F. Johnson has become associated with E. C. Williams Co., Pioneer Building. Mr. Johnson was formerly for many years with J. M. Dain & Co. of Minneapolis in charge of trading.

Livingstone With Maxwell

(Special to The Financial Chronicle)

BOSTON, MASS.—Murray E. Livingstone has become associated with Maxwell & Co., Inc., 24 Milk Street. Mr. Livingstone conducted his own investment business and prior thereto was with F. S. Bryant & Co., Dierdorff & Co. and Chas. A. Day & Co.

Radio Talk On Fed. Taxes

Prof. Harley L. Lutz of Princeton University will speak on "Federal Taxes and Local Government" over the Columbia Broadcasting System (Station WABC, New York) tonight (July 30), at 10:30 p.m.

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Demands That NASD Reveal Real Purpose Behind Minimum Capital Proposal

Leslie B. d'Avidgor of Leslie B. d'Avidgor Co., 52 Broadway, New York City, addressed the letter given below, which is self explanatory, to the National Association of Securities Dealers, Inc. under date of July 27. Mr. d'Avidgor told the "Chronicle" he believes the minimum capital proposal is inconsistent with the American philosophy of government and means to fight to the last ditch to prevent the Association from excluding a dealer or broker from membership because he is lacking in wealth.

National Association of Securities Dealers, Inc.
1616 Walnut Street,
Philadelphia, Pa.

Gentlemen:—

You ignored our letter to you—dated over two weeks ago.* The issue of courtesy doesn't concern us any more than it seems to concern you but as members we feel that we have the right to an elucidation of your reasons for desiring minimum capital requirements.

We CHALLENGE your claim that it would get our business recognized as a "profession operating on a high plane of public service." Call it a business or a profession, as you like, but a *high* plane of public service is attained in only one fashion, as the name implies: SERVICE, and no amount of money, be it $5,000 or $500,000, can be substituted for the latter.

We CHALLENGE your claim that the Association's budget has not permitted the scrutinizing of members' business practices closely enough. If so, why wasn't more money spent for supervision? Surely, members would have submitted gladly to higher assessments until this condition was corrected.

We CHALLENGE your attempt to transform an organization soundly conceived, into a club having a $5,000 initiation credential, because of your failure to enforce its ideals and rules.

We CHALLENGE your attempt to cure the ills existing in our membership by taking this means of lessening your work.

In conclusion, the reasons you have advanced are such that a moron couldn't swallow them in good faith. We repeat our question: "What is the purpose of this proposed pogrom?"

Very truly yours,
LESLIE B. d'AVIDGOR

P. S. THIS LETTER IS AN OPEN ONE.

* Mr. d'Avidgor's original letter to the NASD appeared on page 103 in the "Chronicle" of July 9, under Dealer Letter No. 38.

Interprets Decision Of Numerous Dealers To Refrain From Voting On Minimum Capital Plan

As pointed out in the front-page article which appeared in our issue of July 23 (first section), the balloting results on the NASD minimum capital proposal (Article 1, Section 1), disclosed that approximately 700 dealers, representing almost 28% of the aggregate eligible vote, refrained from voting on what was unquestionably the most important of the contemplated changes in the rules and by-laws of the association. This fact, it was suggested, was of prime significance in view of the fact that 700 dealers did vote against the measure, which received an approving vote of about 1,200. With reference to the large number of non-voters, we have received the following letter:

DEALER NO. 49

Referring to your editorial in your issue of July 23 about the recent NASD referendum, it is probable that many of those who failed to vote figured matters out as we did.

We believed that a majority of those voting would vote in favor of the minimum capital requirement, and that the only way to defeat this undesirable requirement was for 51% or more of the membership to refrain from voting.

We did not believe that the chance of 51% failing to vote was very good, but we felt that the chance was nil that a majority of those voting would vote against the amendment.

If you give any publicity to this letter, please be sure to leave out our name and the location, both as to city and State—(From a Southern Dealer).

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Large investment house operating in seven States desires to establish a department dealing in U. S. Government Bonds. Ample capital available for the purpose. Firm has many large customers who buy and sell U. S. Bonds. Real opportunity for right man. Salary and profit sharing arrangement. Inquiries held in confidence. Address H. C., Box 28 Trinity Station, New York, N. Y.

Canadian War Output Shows Further Gains

The Bank of Montreal reports, in its July 22 "Business Summary," that "gains in production for war purposes, with increasing restriction upon non-essential production, featured the course of business during the past month. The total value of war contracts placed in Canada has now reached the $5,000,000,000 mark; of this total, says the bank, roughly $2,454,000,000 has been on Canadian account, $2,046,000,000 on British account and $377,000,000 on joint account. The allocation of the expenditures on Canadian account includes: ships, $437,000,000; planes, $420,000,000; automotive military equipment, $228,000,000; construction, $224,000,000; ordnance, $211,000,000, and clothing, $160,000,000.

"Meanwhile," the bank observes, "co-ordination of the industrial war programs of the United States and Canada has been brought nearer completion as the result of a decision that after July 31 all prime contractors or users of raw metals in Canada must conform to the United States Production Requirements Plan and to the Allocation Classification System which is a part of it. The basic object of the new program is to control effectively, on the whole North American Continent, the supplies of raw metals essential for the production of munitions and to allocate the supplies available among the prime contractors and other users. The system is mandatory for all manufacturers who use $5,000 worth of raw metals quarterly and it is expected to have far-reaching consequences for the better integration of the supply programs of the fighting services, but it will also lead to further curtailments of civilian industry and to limitations upon the construction of new war plants."

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THE BOND SELECTOR

CANADIAN GOVERNMENT BONDS

All Issues, Including Canadian and U. S. Dollar Bonds, Considered Sound Investments

Just nine months ago—Oct. 23, 1941, to be exact—we reviewed in this column the outlook for Dominion of Canada bonds. At the time, several factors were discussed as having been responsible for the sharp recovery in all issues, and particularly those payable in Canadian funds. Among the factors were the internal fiscal policies of the Dominion Government, the implementation of the Hyde Park Declaration, and the general economic collaboration between Canada and this country.

A great deal of water has run over the dam since October, 1941, and the course of the war certainly has not been favorable to the United Nations. Despite the unhappy course of military events on all fronts, Canadian bonds all have advanced substantially and are now selling near their highs since September, 1939. The largest advances have again been registered in quotations for Canadian dollar issues in New York as the result of firmness in Canadian funds here. Firmness in Canadian funds, however, has been due as much to Dominion fiscal policies as to lend-lease or other matters of economic cooperation between the two countries. Some attention to Canada's handling of her war-time financial burdens is consequently necessary to understand the position of the country's outstanding debt.

As far as business news from Canada is concerned, it is extremely good, and there has been no change in the general uptrend that has marked such activity since the beginning of the war. While this uptrend shows some signs of flattening out, all economic indexes confirm earlier predictions that new all-time records would be established this year. Employment continues to expand, payrolls are increasing, carloadings are up and the export movement is at a new peak.

For the first four months of the year, exports from Canada were running at an indicated annual rate of $2,000,000,000, and May exports probably were close to the quarter-billion mark, far in excess of any previous monthly total. During 1941, exports averaged $137,800,000, while the average for the 10-year period, 1931-40, was $65,480,000.

More important than anything else in the Canadian situation, however, is the tremendous Fourth War Budget recently handed down by Finance Minister Ilsley. This budget calls for a grand total of expenditures for the fiscal year to end March 31, 1943, of no less than $3,900,000,000, which is equivalent to more than 60% of the probable national income (income produced). The budget makes allowance for the fact that the current estimate of $2,200,000,000 for direct war expenditures and the $1,000,000,000 British advance will undoubtedly have to be supplemented by additional appropriations before the fiscal year runs out.

Projected revenues for the current fiscal year are set at $2,100,000,000 and are to be collected by a big increase in personal income taxes (with a portion of the increase returnable after the war), a boost in the excess profits tax from 75% to 100%, with provision for a post-war refund of 20% with interest at 2%, plus new and additional excise taxes. Deducting the $2,100,000,000 of expected revenues from the budget of $3,900,000,000, leaves an indicated budgetary deficit of roundly $1,800,000,000; this figure, however, omits the fact that approximately $95,000,000 will enter the Treasury in the form of refundable taxes, so that total required new borrowing will be reduced to about $1,700,000,000.

Although, as was pointed out in our previous discussion of Canadian fiscal policies for the 1941-42 year, revenue then took care of 78% of total expenditures in that fiscal period, the magnitude of Canada's war financing has brought the ratio down to 52% for the 1942-43 fiscal year. The 1941-42 figure, however, did not include the $1,000,000,000 loan to Great Britain; revenues equaled only 50% of combined budget expenditures and war advances.

It is, therefore, encouraging upon analyzing the budget to find that over half of the Dominion's budgetary outlay will again be made up through taxation despite the sharp increase in expenditures. One interesting aspect of the picture, of course, is that the heavy requirements of raising the balance through bond issues may be more than the Canadian market can absorb. It is perfectly possible that the United States money market may be approached for flotation of a Canadian issue in the not too distant future.

Merely to show the comparison between prices for certain Canadian issues last October and at the present time, the following quotations are listed:

DOMINION OF CANADA BONDS
(Quotations in U. S. Funds)

	*2¼s-44	3s-58	*3s-67	3¼s-51	*3¼s-61 Opt. '56	*4s-60
1942—						
July 20	100¼-100½	87½-88½	95 -95¼	89 -90½	99¼-99½	101½-102½
1941—						
Oct. 11	99 -99¼	82 -83½	94½-95	84 -86	98 -99	104 -104½

*Payable in U. S. funds.

Canadian bonds appear to have considerable investment attraction both for the near and long term. There is little question but that the strong economic and financial ties between the two countries will increase and that the results will be translated into higher prices for all issues.

CANADIAN
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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

AKRON, OHIO—**Wade V. Aydelotte** has become associated with the **First Cleveland Corp.**, whose main office is located in the National City Bank Building, Cleveland. Ohio.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Eleanor L. O'Connor** has joined the staff of **Harlow Kays & Co., Inc.**, 111 Devonshire Street.

(Special to The Financial Chronicle)

DIXON, ILL.—**Glen F. Coe** has become associated with **A. C. Allyn & Co., Inc.** Mr. Coe formerly represented Bond & Goodwin, Inc., of Illinois in Dixon and prior thereto conducted his own securities business.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**George Raymond Savage** has become associated with **Patterson, Copeland & Kendall, Inc.**, 231 South La Salle Street. Mr. Savage was formerly for many years connected with Riter & Co.

(Special to The Financial Chronicle)

HUTCHINSON, KANS.—**Hedge T. Hansen** has been added to the staff of **Goffe & Carkener, Inc.**

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**James Henry Matthews** has become connected with **Barrett Herrick & Co., Inc.**, 1012 Baltimore Avenue. Mr. Matthews was previously with Alexander & Co. and prior thereto was with John J. Seerley & Co., Inc.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**William D. Channer** has rejoined the staff of **E. F. Hutton & Company**, 623 South Spring Street. Mr. Channer was recently with J. A. Hogle & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Reuben F. Ruth, Jr.**, has become affiliated with **Witherspoon & Co., Inc.**, 215 West Seventh Street. Mr. Ruth was formerly with G. Brashears & Co. and was in business for himself.

(Special to The Financial Chronicle)

ORLANDO, FLA.—**Benjamin E. Arnold** and **Marguerite C. Gregory** have become connected with **United Securities Corporation**, Biscayne Building, Miami. Fla. Mr. Arnold was formerly with Guaranty Underwriters, Inc., and prior thereto was with Florida Bond & Share, Inc.

(Special to The Financial Chronicle)

PORTLAND, ORE.—**J. H. Reed** has become associated with **Holt, Robbins & Co.**, Porter Building. Mr. Reed was previously with Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co.

MUNICIPAL
RAILROAD
PUBLIC UTILITY
AND INDUSTRIAL
SECURITIES
THOMPSON ROSS SECURITIES CO.
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CHICAGO

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Shelley H. Chastain** has been added to the staff of **Max I. Koshland & Co.**, Mills Building. Mr. Chastain was formerly with Gibbons & Hess.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**John F. Connolly**, previously with Mitchum, Tully & Co., is now with **Shuman, Agnew & Co.**, 300 Montgomery Street.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**B. D. Vanderveer** has joined the staff of **Lobe and Jordan, Inc.**, Insurance Building.

(Special to The Financial Chronicle)

WARREN, OHIO—**William J. Wallace** has become associated with **McDonald-Coolidge & Co.**, Union Commerce Building, Cleveland, Ohio. Mr. Wallace was formerly manager of the Warren, Ohio, office of Butler, Wick & Co., with which he had been associated for many years.

(Special to The Financial Chronicle)

WICHITA, KANS.—**Thomas W. Myers** is with **Harris, Upham & Co.**, First National Bank Building.

Strauss Bros. Open New Chicago Office

CHICAGO, ILL.—Strauss Bros. announce the opening of an office in the Board of Trade Building with direct private wire service to the firm's New York office, 32 Broadway. The new branch will be in charge of Bernard J. Cunningham.

G. A. FitzSimons Now With Apgar, Daniels

(Special to The Financial Chronicle)

CHICAGO, ILL.—George A. FitzSimons was formerly in the with the trading department of Apgar, Daniels & Co., 120 South La Salle Street, members of the Chicago Stock Exchange. Mr. FitzSimons was formerly in the trading department of Bond & Goodwin Incorporated.

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Situation Interesting

An interesting descriptive circular on St. Louis Public Service Company and its securities has just been issued by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of the circular, discussing briefly the situation in these securities, which offer attractive possibilities for income and appreciation according to Scherck, Richter Company, may be had from the firm upon request.

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Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Current decline technical and nullified by strong rail action. Dow's "validating" indications present in current market picture. Consider present market in good shape.

The ink was hardly dry on last week's column when the market began showing still another facet. For instead of the market going right ahead on the up side it stayed in its corner snoring gently. Now a dull market at this stage of the market cycle is not bad. It's certainly preferable to an outright decline. But I hadn't bargained on the rails coming forward and taking their bow on the speculative stage.

* * *

For months now the rails had been staggering all over the place acting one day as if they were ready to move forward and the next day as if all they wanted was just to be left alone. But in the latter part of last week they suddenly started making noises as if they too had had a shot of vitamin A or B, or whatever vitamin it is that makes things hum. The rails are one group which have been throwing signals for months. On occasions they made good. But seldom was their success sustained over more than a three day period. This was unfortunate for two reasons.

* * *

By refusing to confirm any previous signals they nullified the Dow theory by non-confirmation; they refused to recognize the improvement in their statistical positions. Of the latter I am frankly suspicious. Statistics are very nice to trot out for the purpose of demonstrating that a stock which was down was still a good buy. Yet I seldom knew of any successful speculation which concerned itself with basic figures. Still it's nice to see sound earnings behind a security even if its market action is nothing to sing about. But to get back to the market and the part the rails are playing.

(Continued on page 365)

Possibilities
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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

Railroad bond men, constantly on the lookout for an opportunity to realize a high yield on a sound and improving situation, have been contemplating with increasing interest the Toledo, St. Louis & Western 1st 4s, 1950. Selling at 85, this underlying mortgage of the Nickel Plate system affords a maturity yield of better than 6.50% and a current income return of 4.71%. On the basis of financial progress made by the Nickel Plate management in the last year or so, and considering that a high level of earnings appears assured at least through 1943, any fears there might have been as to payment of the small mortgage are beginning to evaporate.

Aside from regular serial equipments and the small bank loan which will be extinguished within a few months, the only maturities coming before the Toledo, St. Louis & Western are the two strong first mortgage liens in 1947. These were outstanding in the amount of $22,986,000 as of the end of last year and have probably been reduced somewhat since that date.

The Toledo, St. Louis & Western bonds are outstanding in the amount of $6,500,000 and are secured by direct first lien on the important mileage extending from Toledo to East St. Louis. Traffic movement on this line is not so heavy as on the main lines covered by the two 1947 maturities, but density is fairly heavy and indicated earning power is sufficient to support the bonds under even the most severe depression conditions. As a matter of fact, full interest on all of the company's present mortgage debt (including the junior refunding series) would have been covered in every year of the depression decade with the exception of 1932. With this background it is felt that holders of the Toledo, St. Louis & Western bonds could look forward to undisturbed treatment, except perhaps for an extension of maturity, even in the unlikely event that the road underwent reorganization.

There have been two major factors leading to fears as to the company's continued solvency in the past. The most important was the recurring maturity of the unsecured 6% notes which were regularly extended. These notes have now been virtually eliminated, and the balance extended beyond the maturity of the Toledo, St. Louis & Western bonds. The second consideration has been the guarantee, with New York Central, of the Cleveland Union Terminal bonds. This is still a factor inasmuch as Nickel Plate could obviously not meet the entire obligation should New York Central default. However, any claim of Cleveland Union Terminal bond holders against Nickel Plate on account of this obligation would be in the nature of an unsecured claim. It would rank junior to the claim of the road's own mortgage bond holders and would not influence the treatment of the latter in reorganization.

Even during the trying years from 1932 through 1940 the Nickel Plate management was able to accomplish some net reduction in its debt and fixed charges. It was not until 1941, however, that any spectacular progress was made. Last year the company retired close to $27,000,000 of non-equipment debt, amounting to almost 17% of the total outstanding at the beginning of the year. Fixed charges have been reduced to $5,800,000, or 26.7% below the level prevailing 10 years ago. More than half of the debt retired last year was met out of earnings and treasury cash, the balance being met through the sale of Wheeling & Lake Erie prior lien stock and a bank loan of $2,400,000 which matures serially this year.

In the current year to date Nickel Plate's earnings have been adversely affected by heavy tax accruals which have more than offset the sharp rise in traffic and revenues. The decline in net has not been large, however, and it now appears likely that for the full year the company will show sufficient earnings to devote at least $10,000,000 to additional debt retirement, leaving a balance of $7,600,000 for bonds after taking care of the bank loan. With such a fund the company would be able to provide for one-third of the 1947 maturities. As an alternative, it is possible that the company might use the funds to retire the balance of the unsecured 6% notes due in 1950, which would result in a more substantial interest reduction.

In any event, it should be possible to reduce the total fixed charge burden at least to $5,500,000 by the end of the year and to around $5,000,000 if, as seems assured at this time, traffic and earnings hold to high levels throughout 1943. This would make the company virtually depression proof, particularly as the bulk of the debt (70% of the amount outstanding as of the end of last year) has more than 30 years to run.

On a long term basis Nickel Plate has shown remarkable resistence to the adverse trends within the industry, and it is expected that this better-than-average performance will be continued after a return to a peace economy. Even in 1940, before the real war boom got under way, revenues of Nickel Plate were 89.4% of the 1928-1930 average, while 1941 gross and net income were the best in the company's history. The company never had an important stake in passenger business and a large part of its industrial freight is represented by the inbound movement of bulk raw materials and fuel. It has therefore not been so vulnerable as other roads to highway competition. Also, the company carries an unusually large volume of agricultural freight for an industrial road, which gives it a measure of stability in periods of industrial depression. These factors are permanent considerations.

Railroad Reorganization Securities
(When Issued)

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New York Chicago

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VAN TUYL & ABBE
72 WALL STREET
NEW YORK

Succeeds Case, Bosch Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Gaylord J. Case has succeeded to the investment business of Case, Bosch & Co. and will continue the business from the same offices at 208 South La Salle Street. Logan A. Rozelle and John Michael Sherly will continue to be associated with Mr. Case.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅜; low—14¾; July 29 price—30.

Bank and Insurance Stocks

This Week — Bank Stocks

In judging the outlook for bank earnings, the most important factor over the next 12 months is the prospective huge expansion in commercial banks' holdings of Government securities. The increased gross earnings resulting from such expansion, even at low net returns after higher taxes, will likely offset increased costs and taxes, and allow the bringing down to net income of a portion of the improvement in gross. Yet the feeling persists in some investors' minds that these are "fictitious" earnings, that they are artificially created and should not be accorded their due weight.

It is difficult to see why bank earnings resulting from large scale support of the Government's war financing program, should be any less real than the war-stimulated earnings of an industrial or a railroad, for example, also doing their share in the war effort. The commercial banks' role in financing the war is a vital and necessary one. Despite a record-breaking tax bill of $8,739,000,000 proposed by the Treasury, it is estimated that the Government will nevertheless have to borrow about $50,000,000,000 for the current fiscal year alone. Despite what appear to be optimistic estimates of sales of bonds to the public, it is figured that commercial banks will be expected to take at least $24,000,000,000 of this financing, a volume which would double their holdings of Government securities as compared with that reported on June 30, 1942. Even at just 2% gross and 1.1% net yield after 45% proposed scale of normal tax and surtax, a substantial addition to gross earnings is indicated.

These earnings are real, but of course banks are fully aware of the necessity for ultra-conservative policies in the treatment of these earnings. Reserves will be further strengthened against the possibility that some day the moderate improvement in operating results might be wiped out by possible depreciation in market value of holdings. Dividends will be kept at conservative ratios to improved current earnings, some banks in fact appearing to lean over backwards in charging higher taxes out of stockholders dividends and thus reducing dividends. But such conservatism in treating war-created profits is just as current in other lines as in the banking field. The railroads, for example, are experiencing substantial expansion in cash position created by war-stimulated earnings, but many of them are conserving the cash for use in meeting future maturities and for post-war uncertainties, instead of resuming dividends on equities or buying up discount bonds in the open market.

What troubles some investors basically upon seeing expansion in bank holdings of Governments is the broadened base for inflation that it entails. This is quite different, however, from terming improvement in bank earnings "fictitious." Every time a commercial bank buys a bond, so long as it is not bought from another commercial bank, it creates deposits somewhere along the banking system. Such deposits are owned free and clear of credit controls, such as deposits derived from loan extension, which of course can be controlled by tightened credit regulations. Thus there is nothing to prevent owners of these deposits from turning them over faster at some time in the future of relaxed economic regimentation and better outlook for profits. Even a moderate rise in the rate of turnover of the swollen supply of bank deposits would have serious inflationary repercussions.

This potential danger of inflation, however, must yield to the present and actual need for financing the war. Investors cannot reasonably expect the Treasury to borrow $50,000,000,000 in a single fiscal year without calling upon the commercial banks, which are the Treasury's best customers for Government securities, for an important share of this financing. Higher taxes, despite their severity, alone cannot carry the load. Sales to non-commercial bank investors also cannot be expected to supply the buying power. In this sense, attacks upon the Treasury's fiscal policy in selling large quantities of Government securities to the commercial banks appear unfair. It does not necessarily follow, for example, that just because bank deposits increase, prices will rise also and inflation become rampant. There is an indirect, rather than a direct connection between the money supply and the price level. In recent years, stimulated by the inflow of capital from abroad, bank deposits have steadily mounted to record totals, yet the trend of the price level showed little response, and the turnover of bank deposits declined to new lows.

The fact is, of course, that bank deposits are a passive factor and must depend for their effect upon the price level on active use by their owners. In a war regimented economy, highlighted by an increasing load of taxation, there will be little incentive to owners of bank deposits created by deficit financing to turn them over in private investment, even assuming that Government control of the capital market would permit it. True, once the increased supply of bank deposits is created, it will be difficult to deflate it out of existence. But since the necessity for financing through the banks is a pressing one in wartime, reliance must be had on other methods of controlling inflation than financing through non-commercial bank investors. The money simply must be raised.

Investors in bank stocks, therefore, may expect improvement in current bank earnings as the expansion in holdings of Governments proceeds. Book values and reserves will be strengthened. Dividends, however, may be reduced by some of the ultra-conservatives.

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Our Reporter's Report

(Continued from First Page)

Since there is a total of $19,000,000,000 or thereabouts of such issues outstanding, held chiefly by institutions, trust funds, and of course wealthy individuals who bought them because of their attractiveness in tax matters, it is easy to realize the confusion which would have been wrought by any arbitrary change in their status.

Municipal bond men hope that that particular bugaboo has been laid to rest, at least for a reasonable time, and that in consequence there may be some revival of new undertakings.

Treasury Details Awaited

Announcement by the Treasury that it contemplated further new financing next month was not especially surprising in view of the known needs of the nation's exchequer to keep up with the war spending.

But it served nevertheless to curtail interest in outstanding government obligations. The market for Treasuries drifted without much sense of direction in the wake of Mr. Morgenthau's announcement.

Traders and investors alike showed a disposition to stand aside and await the details of the forthcoming program. While there is a general expectation that the "tap" offering will be reopened, it is recognized that the Treasury may adopt other plans for the time being.

Quiet Month Ahead

Underwriting circles are convinced that August will be one of the quietest summer months in recent years for a number of reasons. There is little or nothing on tap as a gleaning of issues in registration with the Securities and Exchange Commission will reveal.

Central Maine Power Company's projected refinancing is still in the wind, but presumably awaiting final touches to the revamping of the corporate structure and some improvement in the investment situation.

Meanwhile, the distributing facilities of bankers and dealers are given over pretty much to secondary stock operations, with several large blocks, one for 100,000 shares of Standard Oil of New Jersey, and a similar block of Standard Oil of California attracting most attention.

Big Stock Deal Nearing

Syndicates are forming, according to report, to compete for a large block of stock of the Public Service Company of Indiana which is expected to be placed on the market some weeks hence.

The offering involving some 400,000 shares of common stock, is understood to represent holdings of the Midland United Corp.

Under the new Securities Law, such a transfer must of necessity go through the competitive mill and in view of the dearth of new material this undertaking is expected to attract a number of bids.

Taxes and Refundings

If the new Revenue Act, passed by the House and now before the Senate, is carried with the 90% excess profits levy and the 45% corporate impost, the path will not be made any easier for corporations which might have contemplated refunding operations.

Many of the corporate reports coming to hand, of which that of the United States Steel Corporation on Tuesday was an excellent example, indicate the inroads which the new rates will make.

Meanwhile, however, the Federal Reserve Board, by action of Congress in response to its request, is in position to ease the required reserve of member banks in the New York and Chicago areas, if necessary to bolster excess reserves.

Not All The Wolves In Wall Street, Says Broker

Writing in "Notes and Comments," issued by Arthur Wiesenberger & Company, 56 Beaver Street, New York City, Washington Dodge suggests that the SEC might pause in giving aid and comfort to the investor to protect the broker from the antics of certain types of customers.

"Our own customers," Mr. Dodge declares, "few as they seem at times, are very precious to us. They are everything one could hope customers to be. Let no one of them think anything in the following paragraphs refers to him. We write of customers in general, as observed over a long period both by ourselves and by other brokers who have come to us with their tales and lamentations:

'Having passed many a rule and regulation to protect the unwary (and wary) individual from the wolfish broker, the SEC might well formulate rules and regulations to protect the sanity and well-being of brokers from the maddening antic customers. If we are, as so many hope we are, mounting the first undulations which lead to the Bull Market Mountains, such action on the part of the learned commissioners now convened in the City of Brotherly Love would be most timely. For many are the ladies and gentlemen whose consistent losses in stocks are caused by no inaptitude on the part of either themselves or their brokers but by their gross misconception of what should be the ideal customer-broker relationship.

"The types of persons most apt to defeat their own profit-making ends by so alienating their broker that he loses all interest in the account include:

"The Price Fixer. He accedes readily to recommendations but although he prides himself on never having watched a ticker he gives the broker no discretion at all. He always tries to buy an eighth below the bid and sell an eighth above the offer. Any one trade, and few are completed, demands a dozen calls and price changes.

"The Scoffer. When the broker calls to suggest that a certain stock may possibly move, the scoffer laughs incredulously and tells the broker of the many losses he has had in that very stock. He laughs at the broker's reasoning and says it could apply to a dozen other stocks. He suggests that possibly somebody is unloading on the gullible broker. He finally places a 100-share order as if he were handing the broker a dime for some coffee, and the broker is so unnerved that he takes a three-point profit just before the 15-point rise he had expected.

"The Ingrate. When this species makes a profit on his broker's suggestion he viciously retaliates with tales of much greater profits friends have made. 'But why did you say "Boeing"—all my friends bought Douglas and made twice as much. No wonder they have an SEC.'

"The Squawker. This gentleman is never happy, win or lose. He always mentions the high commissions as if they are the broker's idea of what the traffic will bear and as if they are a profit to him. He is never happy over an execution unless it is the exact high or low, and insinuates that failure to obtain these is a sign of remarkable professional ignorance or gross neglect.

"The Timid Soul. When things go right for this species he always takes full credit. 'I was smart buying that Chrysler when I did.' When they go wrong, he is innocent, 'I know you told me to sell it but why didn't you MAKE me. I thought you just had a hunch.'

"The Big Shot. He has important connections. He makes it clear that any connections the broker has are obviously inferior and worthless. When a suggestion is made he is apt to reply, 'I'll find out from headquarters and call you back.' He likes to give his broker tips. 'Buy Reo, but I can't tell you why.' If he only had time, he insists, he could show his broker how the firm could be making money by the application of sound business methods such as he uses in his own textile plant. He demands special treatment, will never talk to anyone but the senior partner, and is very hurt if the source of all the brokers' confidential information is not freely disclosed.

"The Pest. His business is even slacker than the brokerage business, or perhaps he spends his days at his club. He likes to chat. He asks for dozens of special analyses but has never been known to act upon one. Sometimes he forgets and mentions trades done through other firms. He presumes the big order he gave in 1937 when his grandmother died has hired the services of the entire firm for all eternity. When five minutes before the opening customers are being called on an almost sure thing, this gentleman is allowed to slumber.

* * *

"All of which, if it proves anything, leads to the question of what is the ideal customer. He is a man, and, sometimes a woman, who looks upon his account as a joint enterprise with his broker. He gives what credit is due and takes what blame he should. He is very apt to know the technicalities, so he does not complain over what might seem poor executions or decisions. If he does not understand them, he at least has the good sense to presume the broker is doing the best he knows how and to go on the principle that that best is sufficient or his account would be elsewhere. He appreciates the interest the broker takes in his account and takes an interest in the broker. He always passes along any information that can help the broker, and has been known to direct accounts to him. He realizes that investment and speculation are serious matters, and handles them with the attention and dignity he does other serious things."

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To Be Cgo. S. E. Members

CHICAGO, ILL.—Applications were posted on July 23 for the transfer of two memberships in the Chicago Stock Exchange—one to Carman S. Brown, C. S. Brown & Co., and one to William A. Fuller.

The Securities Salesman's Corner

A Sales Letter That Worked

Presented this week is a novel sales letter. It takes the unusual route of complete candor. It actually starts out by stating the bad side of the picture — then it winds up with a request to take the writer's advice. The main point is that it worked.

Here is the background of what happened before the letter was written. The salesman called on this customer for the first time. He suggested the sale of a block of bonds which the customer owned. The outlook for the particular industry and these speculative bonds themselves was not promising. The salesman did not convince the customer to sell but he left him in a friendly frame of mind.

Several months went by and the salesman wrote friendly letters to this customer but made no more calls in person. Finally his firm became interested in an issue at around the same price level as the security the customer was still holding. He enclosed a circular in the mail and wrote on the circular that he thought that the customer should still sell the bonds he was holding and the issue his firm was recommending should be purchased in its stead. He also stated that he thought that if the customer acted promptly the exchange could be made on an "even basis," with no financial charges involved either way.

This is the letter he received from his prospect:

Dear Mr. Smith,

Thank you for your recent communication relating to XYZ Co., Inc.

If I made the even trade you suggest it would be wholly on your recommendation, because I know nothing whatever about the company.

It would assist me to decide if you gave me the **past** record of the company; this naturally would be more enlightening and convincing than your most expert prognostications.

Now, if you will send me relevant details of XYZ Co., Inc., I promise to give the matter careful attention, at the same time not binding myself to make the deal.

Yours very truly,
John Prospect.

This is the letter that was mailed in reply:

Dear Mr. Prospect,

As far as the **past** history of the XYZ Co., Inc., is concerned—it is anything but impressive. Most companies in this line of business have a pretty spotty record of earnings, as you doubtless know.

The XYZ Co. 5s are certainly not an investment — neither are the bonds you now hold an investment. But I think the XYZ 5s are a better speculation just now, than the speculation you now have.

The outlook for the textile industry is better than for the so and so industry. The XYZ Co., Inc., is part of an industry that must supply millions of yards of drills, shirtings, industrial cloths, and various cotton materials for the army. This means **capacity operations.** Civilian needs must be cared for later. After the war we'll have to cover our own backs and the way I see it we'll be lucky if you and I have any backs to cover.

Now I have given you a clear statement of this situation and the rest is entirely up to you. Please ship me your bonds if you wish to make the exchange.

Yours very truly,
Bill Smith.

The bonds came in. Some might say that this is not a good letter. Probably it violates most of the rules of what a good letter should say. The customer's request for figures was ignored. It is quite likely that a highly technical and involved statistical report of the past operations of the XYZ Co., Inc., would have gone for naught whereas this short personal letter did the trick.

NYSE Stock Dividends Approach 1941 Levels

Cash dividends on common stocks listed on the New York Stock Exchange were paid by more companies during the first half of 1942 than in the first six months of 1941, according to an article appearing in the July issue of "The Exchange," monthly publication of the Stock Exchange. A total of 560 listed common stock issues yielded dividends of $895,712,000 in 1942, compared with 550 dividends aggregating $961,315,000 in 1941. The average common stock on the Stock Exchange list is currently yielding 7.6%, based on estimated total dividends in 1942 and market values of June 30. The totals used in computing the average include all listed common issues—non-dividend payers as well as dividend-payers.

The magazine article continues: "While 24.6% of dividend-paying stocks reduced their half-year's payments, no less than 25% increased them!

"In ratio to all listed common stocks—dividend paying and non-dividend paying—payments were increased by 16.7%, and about the same percentage decreased them!

"The estimated net result was an aggregate dividend disbursement 6.8% less than in the six months ended June 30, 1941.

"The half-year's exhibit, as a whole, indicates statistically that apprehension lest rising taxes and costs cause heavy dividend casualties was not borne out by results. The product of heavier taxes can hardly be forecast for the second half of 1942, and later; but the tabled information suggests that, so long as high volume production continues, a tall background of gross earnings for many listed companies should provide reasonable profits.

"While the picture of dividends paid during the first six months of this year leaves room for conjecture about the full year's results, a look at current yields on grouped stocks is interesting. Taking a number of prominent 'divisions,' the following estimates of 1942 dividends are based on six months' developments, along with yields figured on stock prices as of June 30, 1942:

Stock Groups	Estimated Dividends	Yield %
Automobile	$178,074,000	7.4
Aviation	12,212,000	10.9
Chemical	246,801,000	5.7
Electrical Equip.	73,659,000	6.8
Food	118,115,000	6.9
Mining	95,421,000	9.0
Petroleum	208,890,000	6.9
Steel, Iron, Coke	113,555,000	10.5
Tobacco	70,665,000	8.6

"The estimate of aggregate dividend payments are based, in the table, on the first six months increased by the ratio of total 1941 payments to disbursements in the first half of 1941. The estimated yield is based only on issues which paid a cash dividend during the first six months of this year.

"Any estimate of yields over a period which has yet to show its actual results is, of course, merely a guide to readers. If anything realistic has been developed by the nation's participation in the war it is that studies of equities must frequently be revised . . . especially in the light of new taxes, corporate reserve accounts, operating costs, and the tendency of debt either to rise or be paid off out of earnings."

President Creates War Relief Control Board

In an Executive Order issued July 27, President Roosevelt set up a War Relief Control Board, headed by Joseph E. Davies, with broad authority to regulate agencies collecting war relief in the United States. Mr. Davies, former Ambassador to Russia and Belgium, had been head of the original Committee on War Relief Activities, which dealt with foreign relief agencies. This group is now reconstituted to form the War Relief Control Board with the task of coordinating the activities of both domestic and foreign relief organizations and eliminating duplication of efforts.

Associated Press advices had the following to say in the matter:

"The board will have charge of registering or licensing war-relief agencies, co-ordinating the times and amounts of funds-raising campaigns, and establishing standards of solicitation. It can require financial reports and merge or eliminate agencies in the interest of efficiency or economy.

"The new Presidential order means that Mr. Davies' organization will have jurisdiction over the collection of funds for the United Service Organizations and other domestic relief agencies, whereas heretofore its authority extended only to organizations like the British and China war-relief agencies. However, the board will not exercise such powers over the Red Cross, local charitable activities of a normal character or established religious bodies.

"Mr. Davies, in a report to the President, said that, while the old committee had succeeded in reducing the number of foreign relief agencies from 700 to 300, war-relief solicitations in the domestic field had grown by leaps and bounds since the United States entered the war.

" 'As there is at present no central registration or other regulatory authority,' Mr. Davies reported, 'these (domestic relief) organizations are subject to no co-ordinated supervision or control and even their number can only be estimated.

" 'While actuated by the highest humanitarian motives these agencies tend to duplicate each other's efforts, causing public uncertainty and confusion.' "

Many Dividends May Be Up

In contrast to the general trend toward lower earnings, a fairly substantial number of corporations will earn more and pay larger dividends in 1942 than in 1941, according to the current issue of a Research Bulletin of Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange and other leading exchanges.

In addition to listing 23 stocks which have already paid larger dividends this year than in 1941, the Bulletin names 30 issues on which increased dividends this year are considered probable, together with 25 others whose 1942 dividends may possibly exceed those of 1941.

Pointing out that careful calculations indicate that aggregate net profits of industrial corporations this year, after all taxes, will be about 25% less than in 1941, the firm observes that earnings of a minority of companies will move upward.

"Railroad net income, for instance, is estimated to aggregate around 35% greater this year than last," the Bulletin notes. "Outside the railroad field the larger earnings in 1942 will apply chiefly to certain smaller industries."

Copies of the Bulletin may be had from Paine, Webber, Jackson & Curtis upon request.

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INFLATION

"Inflation is like a dangerous disease the symptoms of which do not become evident until it has reached an advanced stage. For that reason many investors are likely to be unaware of the danger even when they should be actively taking steps to protect themselves. The investor who ignores the danger and continues to invest his funds according to tried and true investment principles—principles based on investment experience in normal times — is bound to incur serious losses.

"The German inflation lasted seven years, the French inflation ten years. Inflation is a prolonged process. Its consequences manifest themselves slowly. Inflationary developments are seldom apparent in the course of a few weeks, or even in the course of several months. In the course of several years, however, the investor who heeds the danger finds himself in an enormously better position than the investor who ignores it.

"In the United States an investment fund might be managed without any attention being paid to the danger of inflation, and in a period of several months, or even of two or three years, it might show as good or even better results than a fund managed with protection against inflation as one of its prime objectives. In the course of an entire period of inflation, however, the gains achieved by management designed to protect the investor against inflation far outweigh the intervening short term gains that might be produced by other methods."—From a reprint in the Parker Corporation's July 20 issue of the *Incorporated Investor*.

In behalf of investment companies generally it may be said that their managements are keenly aware of the dangers of inflation. Moreover, they are accustomed to taking the long-term viewpoint in their work. They know that "gains achieved by management designed to protect the investor against inflation far outweigh the intervening short-term gains that might be produced by other methods."

Investment Company Briefs

The results are in on Lord, Abbett's unique discount offering of additional Affiliated Fund shares to present holders through issuance of stock purchase warrants. (Reported in this column on May 28, last.) Here is the final score: A total of 943 Affiliated Fund stockholders exercised their warrants. This new business was shared by 127 authorized dealers during the five weeks in which the rights prevailed.

* * *

The Keystone Corporation of Boston has issued a new booklet on its Keystone Custodian Funds. The "Keystone Plan" is discussed and the net asset value of each series as of July 1, 1942 is given. Combined asset value of the ten series as of that date amounted to $33,286,000 divided as follows:

Series	Net Asset Value July 1, 1942
"B1"	$2,003,129.44
"B2"	5,942,083.78
"B3"	12,688,168.56
"B4"	6,081,099.89
"K1"	2,972,771.04
"K2"	414,836.32
"S1"	229,188.01
"S2"	982,822.76
"S3"	429,395.74
"S4"	1,542,561.89

* * *

The Broad Street Letter for July reports the net changes in the portfolio of Broad Street Investing Corp. during June as follows: New additions; Sherwin-Williams, Standard Oil (Indiana), U. S. Treasury Certificates, Series A, ⅝% due Feb. 1, 1943. Increases in holdings; Detroit Edison. De-

(Continued on page 365)

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Municipal News & Notes

Disregarding Secretary Morgenthau's plea for action against "special privileges," the Senate Finance Committee on Monday rejected his recommendation for the taxation of income from outstanding issues of State and municipal securities.

Senator George, Chairman of the Committee, emphasized that the question of taxing municipals had been "left open," but remarked that if this plan were adopted it would bring virtually no money into the Treasury during the current year.

The House had already flouted Mr. Morgenthau's wishes in regard to this type of exemption, and Senator George said that the Committee's action meant there was no chance of including in the additional revenue bill introduced last Thursday the proposal to levy on municipal obligations.

Although the present strength of municipal prices is not to be attributed to tax exemption alone, since scarcity value cannot be overlooked with municipal financing less than half what it was last year, this latest development will prove a heartening influence for dealers and investors. However, the threat of indirect taxation still remains by the President's avowed desire to impose a 100% levy on all income over $25,000.

Market Displays Little Reaction

Tuesday the municipal market advanced only fractionally, taking the Senate's action more or less in stride. New York City 3s, the transit unification issue, which is broadly distributed and is therefore generally accepted as a market indicator, advanced slightly. The market was not seemingly perturbed by Senator George's statement that the Committee was still reserving decision on the Treasury proposal that all future issues of State and municipal bonds be made subject to income taxes. Ever since Secretary Morgenthau proposed the tax exemption legislation in a speech delivered in Cleveland late last January, it has been conceded that there is a good chance of legislation affecting future municipal issues.

Late in January and for some time in February, the market declined sharply on the Morgenthau proposal. Then it started a slow recovery and this rally was not preceptibly checked by recurrent reports from Washington that Congress might go all the way on the Treasury's proposition. In all these months the market was not affected by the future issue phase of the discussion.

If Congress should decree that all future issues be made taxable, the net result would be the creation of two separate markets for municipal bonds. One would be for the $18,000,000,000-odd of old bonds, still exempt from income taxes; the other would be the new issues, offering a higher yield but subject to tax.

City Budgets Rise, Revenues Decline, With Wartime Conditions

Two of every three cities in the country are spending more this year than in 1941 because of wartime budget increases for safety, health and sanitation activities, increased salaries and wages of employes, and reserve funds for emergencies, the International City Managers' Association report in a survey Monday.

The survey, of 185 cities in 32 States, shows also that only a few cities have developed new sources of revenue to meet the increasing costs, though many officials feel present revenues from local property taxes, State grants and other sources will decline to the point of bringing financial hardship.

Of the 185 cities, 62% will spend more this year than in 1941, 30% will spend less and 8% will spend about the same.

Main increases for 40 of the cities are in the fire and police departments, while 35 others say expenditures of all departments will go up. The other cities report increases for garbage collection and disposal, health service, street maintenance, civilian defense and water supply, in that order of frequency.

In more than one-third of the cities the increased expenditures are mainly for higher salaries and wages, another one-third—most of them over 25,000—have had to expand activities to meet demands of additional population, and most of the remaining cities have been forced into increased spending mainly on account of higher cost of supplies.

State Income Tax Collections Hitting Record Highs

State income taxes bid fair to become the only major source of State revenue to produce increased yields during the entire war period, the Federation of Tax Administrators said Tuesday in a report on income tax collections of 12 of the 34 States with this levy.

Rising apace with the national income, increases for 1942 fiscal year State income tax collections over 1941 ranged from 20% in Colorado to 146% in Arkansas; moreover, eight of the 12 States reported gains of more than 30%. And 1941 collections were record highs in themselves, the Federation said.

Comparison of State income tax figures with tax revenue returns from other sources indicates the income tax will be the only major State revenue source to continue increasing its yield, the Federation said. For the income tax base has continued to grow rapidly as military needs cut the bases of the motor fuel, sales and alcoholic beverage taxes—levies accounting for almost half of State revenues for the 1941 fiscal year. Only one factor, the increased Federal income taxes on corporations, appears to have possibilities of an adverse effect on income tax yields of States allowing deductions for Federal taxes paid.

"Reason for the increase in the income tax base as other tax bases fall off is that the war economy is constantly paying out larger amounts to an expanded work force while curtailing taxable goods civilians may purchase," the Federation said.

The 1941 rise in national income figures—which for the calendar year reached the record level of $94,000,000,000, 22% above the 1940 level and 13% higher than the former peak figure for 1929—has continued at an even greater pace since entrance of the United States into the war; latest reports indicate that payments to individuals, which form the bulk of the national income, now are being made at a rate which would total $110,000,000,000 a year. For the first five months of 1942 the average increases over the preceding year was 23%.

"This great rise in money payments has not only increased the average income tax liability of State taxpayers but it also has brought thousands into taxpaying brackets who previously were not liable," the Federation said. New York reported that tax returns this spring exceeded the million mark for the first time, as against 837,000 last year. Minnesota reported 39,070 more returns showing taxable liability were filed for the 1941-42 fiscal year than for 1940-41. In the first quarter of this year 352,000 persons paid an income tax in Wisconsin compared with 271,000 a year ago.

The volume of income payments in the war economy also has increased the speed with which tax liabilities are liquidated. In New York, for example, it was found that only 11% of the taxpayers chose the instalment method this year against 22% the preceding year; and while total number of taxpayers increased greatly in Colorado, the number making single income tax payments was 8,000 larger than in 1941.

Record Gasoline Taxes Last Year

For the first time in the history of gasoline taxation, State motor fuel collections were over the $1,000,000,000 mark during the calendar year, official figures just released by the United States Public Roads Administration reveal. In view of tire and gasoline rationing, however, this record may stand for some years.

Gross gasoline tax receipts for the year amounted to $1,008,170,000 before refunds. Net receipts by the States amounted to $950,956,000, a 10% increase over the $864,472,000 of net collections on gasoline during the 1940 calendar year.

Total State receipts from the two principal motor vehicle tax sources, gasoline taxes and license fees, combined, amounted to $1,441,622,000 last year, as compared with total State automotive taxes of $1,303,650,000 the previous year The figures do not include personal property taxes on motor vehicles, nor do they include the income and real estate taxes paid to some States by trucking companies.

War Bond Investments Urged for Municipalities

Cities, counties and other political subdivisions which have surplus funds on hand which aren't needed for debt reduction or operating expenses should give urgent attention to putting this money into war bonds, many bond men advise. Even though the individual amounts may run into only a few thousand dollars, added up they mean many scores if not hundreds of millions of dollars.

Oklahoma to Buy Bonds

Governor Leon C. Phillips, whose term will be completed Jan. 1, expects to invest the Oklahoma general fund surplus, estimated at $7,000,000 as of June 30, in State refunding bonds and war bonds, according to Oklahoma City advices. This move is planned, it is said, to remove, or at least reduce, the possibilities of the Legislature disposing of the surplus.

Nassau County Refunding Under Way

The Nassau County, New York, refunding program got under way Tuesday when Lehman Brothers and the Chase National Bank, as refunding agents, offered to holders of certain outstanding bonds of the county, maturing between 1943 and 1947, to exchange them for a new issue of $5,660,000 of refunding bonds, maturing from 1951 to 1960. While there are outstanding $12,447,000 of Nassau County bonds eligible for exchange the amount to be exchanged is limited to $5,660,000.

Under the terms of the plan, holders of outstanding bonds which are accepted for exchange will receive interest at the present rates, ranging from 3 to 6%, to the maturity dates of these obligations, and thereafter interest ranging from 2½ to 3% to the maturity dates of the refunding bonds.

The county's refunding program has been designed to reduce total debt service charges payable in the years 1943 to 1947, and to extend the maturity of its indebtedness. Upon the completion of the plan the average life of the county debt, which is now about seven and a half years, will be approximately eight and two-third years.

Housing Bonds Attracting Wider Interest

More and more attention is being given in municipal circles these days to local housing authority bonds and dealers report a widening investment interest in them. The New York City Housing Authority issue the other day was a case in point. Most of the bonds were almost immediately resold by the successful bidding syndicate.

This financing was formerly covered by the sale of temporary loan notes to the public and by short-term advances from the Federal Public Housing Authority. Housing authority issues in August are expected to be few, but at least half a dozen are in prospect for September.

N. J. Exempt Real Estate Found Rising

The State Taxpayers' Association recently reported that more than one-sixth of all real estate in New Jersey is tax exempt. The Association said that during the last six years the Legislature has added an average of $25,000,000 worth of property to the exempt rolls each year.

A. R. Everson, Executive Vice-President of the Association, said the value of exempt property this year is $1,158,672,113, or 17.9% of the total value of all property, $6,437,436,157.

As recently as 1936, he said, the exempt property totaled $1,002,714,706, or only 14.9% of total valuations of $6,730,918,450.

"The increase in the value of tax free property during the last six years," said Everson, "was $155,957,407.

"These huge increases in property freed from taxation are accompanied by reductions in the valuations upon which taxes are assessed. The average taxpayer therefore must bear a greater share of the cost of government to make up the loss."

Ky. County Road Bonds Reflect Better Trend

Action of the 1942 session of the Kentucky Legislature in authorizing certain county road and bridge refunding bonds to be pledged by State depositories to secure State funds calls attention to the improvement in investment quality of these obligations that has taken place since the recession period.

Steps taken by county governments and moves by the Legislature, including the 1934 sales tax law, the 1938 county debt act, and additional laws passed in 1942, have changed the calibre of these bonds from that obtaining in 1932 and 1933 when several counties went into default, it is pointed out in a study by the Bankers Bond Co., Inc., Louisville, outlining the history of the voted county road and bridge bonds from the 1914 authorizing legislation to the present time.

The State Legislature acknowledged the State's responsibility for the county issues, as well as the need for maintaining county credit, by passing the sales tax law, the study notes. One-third of sales tax collections was distributed to the counties for the primary purpose of aiding in the payment of road and bridge bonds.

Cook County, Ill., Units Reduce Debts

Cook County's six major governments reduced their total debts by more than $39,000,000 in the year ended June 30, a compilation of the quarterly statements showed Monday. The governments are the City of Chicago, the school board, the park district, the sanitary district, the county, and the forest preserves.

Debts, both long and short term, of the six governments on June 30 were $418,195,797, compared with $457,473,924 a year earlier.

Although each of the six units showed a cut in its total obligations, the general trend toward debt reduction for the year was upset by the country's mounting current debts—unpaid bills and judgments.

Of the $39,000,000 cut in total debts of the six governments $24,500,000 represented bonds, $13,000,000 tax warrants and $1,500,000 current or floating debts.

Texas Local Units Show Debt Reductions

Net bond and time warrant indebtedness of Texas local governmental units aggregated $623,777,838 at the close of 1941, which was a reduction of $17,689,756 in favor of the taxpayers during the preceding five years, according to a report of taxes and indebtedness compiled by C. H. Cavness, State auditor and efficiency expert. The aggregate indebtedness is $665,865,624, however, the various sinking funds have cash balances totaling $42,087,985.

Indebtedness of the three classes of governmental units together with the sinking fund cash balances are as follows: Counties $156,464,704, cash $11,285,370, net $145,179,334; cities $243,826,544, cash $17,265,648, net $226,560,896; districts $265,574,376, cash $13,536,968, net $252,037,408.

Compared to 1940, current outstanding warrants increased $283,351 and time warrants and bonds decreased $1,036,863; gross decrease $753,512; sinking fund balances decreased $387,634 to make the net reduction $649,228.

Montreal Refinancing Plan Makes Progress

Decision on a plan for placing the City of Montreal on a sound financial footing is expected to be reached shortly, according to Canadian advices.

Almost two years ago, the Quebec Municipal Commission brought forward a plan for $250,000,000 refinancing of the city's funded and frozen bank debt.

Principal features of the scheme were a reduction of the average interest rate from 4½% to 4%, estimated to mean an annual saving of approximately $1,300,000; orderly liquidation of the municipal indebtedness over a 35-year period, and "adequate and effective" financial control of the city's finances.

The latter feature has been a stumbling block in securing approval of Montreal's Executive Committee However, it is now understood the City Executive Committee has unofficially agreed in principle to approve the method, if it is acceptable to the creditors.

More or less along the lines of the original proposal, the plan is said to envisage financial control by a three-man Bureau of the Budget, consisting of a director of the budget, named by the creditors, chairman of the executive committee, and the city's director of departments who would be subject to removal by city council "for cause."

Professor Lutz to Make Radio Address

The Conference on State Defense announces that Professor Harley L. Lutz of Princeton University will speak on "Federal Taxes and Local Government" over the Columbia Broadcasting System (Station WABC, New York), Thursday, July 30, at 10:30 p.m.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.)

Aug. 11

$505,000 Birmingham, Ala.

Last January this city awarded bonds to a syndicate headed by Blair & Co., Inc., of New York. The Union Securities Corp. of New York and associates entered the next best bid.

August 12

$7,900,000 Seattle, Wash.

This is the issue of municipal light and power revenue bonds originally offered on May 25, and the sale postponed because of priorities. On March 30, this year, the city awarded bonds of like nature to a group headed by John Nuveen & Co. of Chicago.

SEC Applications For Broker-Dealer Registry

The following applications were made with the SEC for registration as dealers and brokers on the dates indicated:

June 22, 1942—R. S. Hudson & Co., Inc., First National Bank Building, Dallas, Texas, Robert Scott Hudson, Mrs. Lucille Hudson, Miss Mary Bateman and Thomas Beckett, officers.

June 23, 1942—George MacDonald Dengler, 712 Ashurst Road, Penfield, Pa., a sole proprietorship.

June 26, 1942—Harold H Freund, 27 Lake Road, Rye, N. Y., a sole proprietorship.

June 29, 1942—Harold Selden Bennett, 608 Keyser Building, Baltimore, Md., a sole proprietorship; Hutchinson & Company, 314 Thatcher Building, Pueblo, Colo., Frederick Henry Johnson, Charles Richard Wydick and Bernalda Lela Hutchinson, officers, William H. Hutchinson and Robert C. Hutchinson having withdrawn from the former partnership.

Urges Scrap Collection

President Roosevelt urged the American people on July 28 to give their full cooperation in the intensified national scrap salvage campaign now under way to increase the flow of all vital scrap materials to the country's war plants. The President stressed that the drive is for all kinds of materials, not merely iron, steel and rubber, and called on the people to search their cellars, attics, garages and back yards for scrap. Mr. Roosevelt also had a good word for the $2,000,000 national advertising campaign, sponsored by private industry and aimed at telling the public the facts about what is needed and why.

FDR Signs Bill For Fla. Pipeline Canal

President Roosevelt signed on July 23 the bill authorizing the construction of a pipe line and a barge canal across Florida. The legislation, designed to help in moving gasoline and oil to the rationed Eastern seaboard, carries an authorization of $93,000,000 for construction of the projects. The bill also provides for deepening and enlarging the intra-coastal waterway from its terminus to the Mexican border. It is stated that in signing the bill, President Roosevelt reiterated his original belief in the desirability of some sort of a canal across Florida, Congressional sources said.

Completion of Congressional action on this bill was reported in these columns July 23, page 274.

FINANCIAL NOTICE

Notice to the Holders of:

Kingdom of Denmark

Twenty Year 6% External Gold Bonds, Due January 1, 1942
Thirty-Year 5½% External Loan Gold Bonds, Due August 1, 1955
Thirty-Four Year 4½% External Loan Gold Bonds, Due April 15, 1962

City of Copenhagen

Twenty-Five Year 5% Gold Bonds, Due June 1, 1952
Twenty-Five Year 4½% Gold Bonds, Due May 1, 1953

Danish Consolidated Municipal Loan

Thirty-Year 5½% External Sinking Fund Gold Bonds, Due November 1, 1955
Twenty-five Year 5% External Gold Bonds, Due February 1, 1953

Mortgage Bank of the Kingdom of Denmark

(Kongeriget Danmarks Hypotekbank)

Forty-five Year 5% Sinking Fund External Gold Bonds Series IX, of 1927
Due December 1, 1972

The undersigned Minister of Denmark in Washington makes the following statement for the information of bondholders of the above-described issues:

For the purpose of paying August 1, 1942 coupons of Kingdom of Denmark 5½% External Loan Gold Bonds, due August 1, 1955, and Danish Consolidated Municipal Loan Twenty-five Year 5% External Gold Bonds, due February 1, 1953, I propose to put the particular paying-agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these two issues.

August 1, 1942 coupon payments will be subject to such licences as may be granted to paying-agents by the United States Treasury.

In conformity with my announcement of June 30, 1942, I purpose to make subsequent announcements with a view to keeping bondholders informed of further developments relating to the above-described loans.

HENRIK KAUFFMANN
Envoy Extraordinary and Minister Plenipotentiary
of his Majesty the King of Denmark

Washington, D. C., July 29, 1942.

TO EXECUTIVES:

NOW YOU CAN HELP

Even More...

New Treasury Ruling Permits Purchases UP TO $100,000 In Any Calendar Year of Series F and G WAR BONDS!

This is not a new Bond issue and not a new series of War Bonds. Thousands of individuals, corporations, labor unions, and other organizations have this year already purchased $50,000 of Series F and G Bonds, the old limit. Under the new regulations, however, these Bond holders will be permitted to make additional purchases of $50,000 in the remaining months of the year. The new limitation on holdings of $100,000 in any one calendar year in either Series F or G, or in both series combined, is on the cost price; not on the maturity value.

Series F and G Bonds are intended primarily for larger investors and may be registered in the names of fiduciaries, corporations, labor unions, and other groups, as well as individuals.

The Series F Bond is a 12-year appreciation Bond, issued on a discount basis at 74 percent of maturity value. If held to maturity, 12 years from the date of issue, the Bond draws interest equivalent to 2.53 percent a year, computed on the purchase price, compounded semiannually. The Series G Bond is a 12-year current income Bond issued at par, and draws interest of 2.5 percent a year, paid semiannually by Treasury check.

EVERYBODY EVERY PAYDAY AT LEAST 10%

SAVE WITH
War Savings Bonds

This space is a contribution to America's All-Out War Program by **The Commercial & Financial Chronicle**

DIVIDEND NOTICES

THE ATLANTIC REFINING CO.

COMMON DIVIDEND NUMBER 148

At a meeting of the Board of Directors held July 27, 1942, a dividend of fifteen cents per share was declared on the Common Stock of the Company, payable September 15, 1942, to stockholders of record at the close of business August 21, 1942. Checks will be mailed.

W. M. O'CONNOR
Secretary

July 27, 1942

UNITED GAS CORPORATION
$7 Preferred Stock Dividend

At a meeting of the Board of Directors of United Gas Corporation held July 28, 1942, a dividend of $2.75 per share was declared on the $7 Preferred Stock of the Corporation for payment September 1, 1942, to stockholders of record at the close of business August 7, 1942.

E. H. DIXON, *Treasurer.*

The American Tobacco Company
INCORPORATED
111 Fifth Avenue, New York City

148TH COMMON DIVIDEND

A regular dividend of Seventy-five Cents (75¢) per share has been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on September 1, 1942, to stockholders of record at the close of business August 10, 1942. Checks will be mailed.

EDMUND A. HARVEY, *Treasurer*

July 29, 1942

DIVIDEND NOTICES

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND NO. 175
COMMON DIVIDEND NO. 139

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 25¢ per share on the no par value Common Stock have been declared, payable September 21, 1942, to stockholders of record at the close of business on August 28, 1942.

Checks will be mailed.

C. A. SANFORD, *Treasurer*

New York, July 22, 1942.

Borden's

COMMON DIVIDEND
No. 130

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable September 1, 1942, to stockholders of record at the close of business August 15, 1942. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

DIVIDEND NOTICE

THE BUCKEYE PIPE LINE COMPANY

26 Broadway

New York, July 23, 1942.

A dividend of One ($1.00) Dollar per share has been declared on the Capital Stock of this Company, payable September 15, 1942, to stockholders of record at the close of business August 21, 1942.

J. R. FAST, Secretary.

ANACONDA COPPER MINING CO.,
25 Broadway,
New York, N. Y., July 23, 1942
DIVIDEND NO. 137

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Fifty Cents (50c) per share upon its Capital Stock of the par value of $50. per share, payable September 21, 1942, to holders of such shares of record at the close of business at 3 o'clock P. M., on September 1, 1942.

JAS. DICKSON, *Secretary & Treasurer.*

FINANCIAL NOTICE

MIDLAND VALLEY RAILROAD COMPANY

Interest Payable September 1, 1942 on
ADJUSTMENT MORTGAGE SERIES "A" AND "B" BONDS

Philadelphia, Pa.,
July 16, 1942

The Board of Directors has ascertained, determined, and declared that for the year ended June 30, 1942, 5% has been earned and is payable on the Series "A" Adjustment Mortgage Bonds and 5% has been earned and is payable on the Series "B" Adjustment Mortgage Bonds.

On and after September 1, 1942 the Fidelity-Philadelphia Trust Company, Philadelphia, Pa., will pay the following amounts for coupons surrendered:

Series "A" Bonds—Coupon No. 26—$50. on $1,000. Bonds and $25. on $500. Bonds
Series "B" Bonds—Coupon No. 22—$50. on $1,000. Bonds and $25. on $500. Bonds

C. JARED INGERSOLL,
CHAIRMAN OF THE BOARD.

NSTA Announces Slate Of Candidates For Annual Election of Officers

Joseph W. Sener of Mackubin, Legg & Co., Baltimore, President of the National Security Traders Association, Inc., announces that the slate of candidates for office for the fiscal year beginning Oct. 1, 1942, has been submitted to him by Jerome F. Tegeler of Dempsey-Tegeler & Co., St. Louis, Chairman of the Nominating Committee.

The slate, on which representatives of the organization's more than 2,000 members will vote in Chicago on Aug. 29, is as follows:

President: William Perry Brown, Newman, Brown & Co., Inc., New Orleans, La.

First Vice President: John C. Hecht, Butler-Huff & Co. of California, Los Angeles, Calif.

Second Vice President: Benjamin H. Van Keegan, Frank C. Masterson & Co., New York, N. Y.

Secretary: Edward H. Welch, Sincere & Co., Chicago, Ill.

Treasurer: Earl M. Scanlan, Earl M. Scanlan & Co., Denver, Colo.

Wm. Perry Brown

John C. Hecht

Benj. H. Van Keegan

Edward H. Welch

Earl M. Scanlan

Rise In Stock Market Now Would Not Be Without Precedent

The stock market now has behind it one of the longest periods of declining trend on record. This downward trend has already persisted, interrupted only for intermediate rallies, from November, 1938, to April, 1942, a period approximating three years and five months.

By way of comparison, the 1916-1917 decline of the previous World War lasted only about 13 months. The decline of 1919-1921 covered only one year and nine months. Even the collapse of 1929-1932 drove stock prices downward for a period lasting only two years and ten months. The 1937-1938 price decline endured for only a year.

From the standpoint of duration alone, it should be reasonable to assume that the decline in prices has by this time discounted much of the adversities which confront the Nation and its investors.

The major portion of the current period of price recession has been accompanied by improving earnings and dividends. Thus, although these factors are now turning downward, it seems probable that for some time to come earnings will be materially better than they were when prices were much higher.

Moreover, such downward adjustments of corporate earnings as are expected this year will still leave those earnings relatively high in relation to present stock prices.

If prices were now to rise in the face of declining earnings, the move would not be without precedent. There was such a price improvement in the face of earnings recession in 1918 in this country. Moreover, the English stock market experienced a very substantial rise from mid-1940 to the end of 1941, a period of receding earnings in that country.

In recent months there has been a tendency to view the post-war period with more optimism than formerly. It is reasoned that the United Nations will win the war—whatever the length of time it takes—and that in consequence they will dictate the terms of the peace.

It is also recognized that wartime restrictions on the production and consumption of many important types of goods, such as automobiles, tires, household equipment, and homes, will build up great shortages to be met when the war is over.

War makes thrift popular again. It is both patriotic and necessary to consume less, live frugally, and save money. Such savings will be available for the purchase of needed goods when war-imposed restrictions are no longer necessary. These savings may also form the basis of a new or renewed interest in investments on the part of many people.—From the semi-annual report made to shareholders by Edward P. Rubin, President, Selected American Shares, Inc.

Armed Forces 4 Million

President Roosevelt, in a brief discussion of the meat shortage on July 28, revealed that the country now had 4,000,000 men under arms. In the advices from Washington to the New York "Times" it was noted that the President cited the size of the armed forces as one of the reasons for the meat shortage in certain areas, explaining that large supplies had to be bought and held available far in advance of its consumption for the units at home and overseas. Mr. Roosevelt gave as the other reasons that it was now an off-season for meat and that people had more money with which to purchase more meat and better cuts. Emphasizing that there was plenty of food, the President said that the civilian population would feel other shortages in the future and expressed his belief that the people would willingly accept them as necessary to winning the war.

"New World Flag" Has Premier In New York

The premier unfurling of the "New World Flag," a newly created spiritual symbol of hemispheric solidarity, took place on July 24, Simon Bolivar Day, at ceremonies held simultaneously, at the Hotel New Yorker, New York City, and in Mexico City, Havana, Montreal, San Francisco and other Western Hemisphere cities. The New York ceremony included short addresses by prominent guests and the playing of the national anthems of the various countries. Among those present at the ceremony were City and Federal Government representatives, leaders in the promotion of good will among the 22 countries of the Western Hemisphere, the Father Duffy Canteen, the USAAC Ambulance Corps and a Boy Scout honor guard.

Combining the colors used in the flags of the countries of the Western Hemisphere, the "New World Flag" has diagonal stripes of red, light green, white, navy blue, light blue and dark green. The large dominating center stripe of navy blue contains a circle of 22 sun-colored stars, one for each nation of the Western Hemisphere (including Canada).

Weekly Stock Market Comments

Some lightening of speculative accounts during the past week brought generally easier tendencies.

War news, particularly from the Russian front, exerted a dampening influence on sentiment, while domestic developments involving pending tax and other legislation presented a disheartening picture.

Nevertheless the market maintained a generally firm undertone, despite the fact that there were some weak spots. It should be remembered, of course, that the market has had a more or less uninterrupted advance since the lows were established last April-May and that during the interval the industrials have retraced about 43% of the ground lost in the last phase of the decline and the rails about 33%.

Dullness and sagging prices at this period is a natural development pending a fresh survey of the outlook. Good news in the immediate future is hard to see, but if it were to materialize either at home or abroad, higher prices, in our opinion, would promptly follow. The fundamental character of the market has not changed despite continued uncertainties and reactionary periods should be welcomed for buying opportunities. In brief, equities, generally speaking, are cheap by almost any yardstick of value but they won't remain so indefinitely — they never have and never will.

A Rocky Road

The tax bill has started on its rocky road through the Senate to final enactment.

Nothing definite has been promised by the Senate in the way of a bill before September at the earliest, after which time it will have to go to the House and Senate conferees for a compromise draft. Thus the final details of the all-important war tax bill can hardly be known before early Fall and possibly not until after elections.

Nevertheless, about the worst is known with respect to corporation taxes and it makes relatively little difference whether excess profits tax rates are adjusted upward or downward from the near confiscatory level of 90% (there are, of course, numerous exceptions where a small change in the excess profits tax rate will have an appreciable effect on share earnings, particularly in capitalizations where there is considerable common stock leverage).

Earnings this year are going to be considerably lower than last year in most instances and dividend payments correspondingly smaller. As we have pointed out heretofore, declining yields on account of lower dividends is not the bearish argument in the American market any more than it was in the British market.

Some stocks which we can name seem to us to be very fully valued in relation to prospective 1942 net after taxes, but the majority appear to be rather thoroughly deflated.—*G. Y. Billard, J. R. Williston & Co.*

* * *

A Second Front—When and Where?

The populace of Great Britain, and to a lesser extent the people here in the United States, have been urging for weeks and months that a second front be opened in Europe. The Soviets, too, naturally enough have been emphasizing the great advantage of compelling the Nazis to fight a two-front war and constantly remind us that they alone are feeling the impact of the Nazi blitz. But nothing happens; and the man in the streets of the Democracies is puzzled by the lack of action. However, as against this state of puzzlement, there are far more important factors to be considered.

Perhaps there is to be no second front this year, for it may well be that the many announcements and "agreements" are merely moves in the Battle of Nerves, moves designed to compel two-front planning by Hitler, who lacks any accurate knowledge of the real plans of the Allies.

On the other hand, one commentator points out that Allied leadership is afraid of the political repercussions that would come with the heavy casualties of a second front. Another dwells on the inadequacy of shipping. A third calls attention to the fact that the western coast of Europe has been fortified by the Nazis to a depth of one hundred miles. And a fourth is convinced that North Africa is to be the important second front, emphasizing the great advantage of entirely eliminating Hitler and Mussolini from that section; thus regaining complete control of the Mediterranean and bringing within reaching distance several southern doors into Europe.

The correct answer of course is only known to the top political and military leaders of the Democracies. For they and they only are aware of the full effects of the world situation and on their judgment we are compelled to rely. Until such a time as we are permitted to learn what is developing, we can only indulge in, and listen to, cracker-barrel and kerb-stone opinion.

And since the stock market is not inclined to display any important trend based on cracker-barrel and kerb-stone thinking, it is quite likely that the present dullness and aimlessness of equities will continue. For inflation talk, it is gradually becoming clear, has so far been more of a topic for endless discussion in and out of the newspapers than it has been a factor to influence the market in any substantial sense.

The situation is not unlike that obtaining 24 years ago. The stock market was dull and listless in 1918 until the pattern of events indicated that victory for the Democracies was not far away. Perhaps it is safe to conclude that the market will display a parallel pattern in this World War. For the market's action is determined by hundreds of thousands, perhaps millions, of investors. When this mass of individuals sees the victorious end of the war in sight, they will make commitments. When they see a dark future ahead, they will aim for more liquidity. When they see nothing, they will do nothing. And that appears to be about the situation at the moment, which situation of course can be substantially altered if a second front proves to be a near-at-hand factor.—*Ralph E. Samuel & Co.*

Visit N. Y. Exchange

The common stock of West Indies Sugar Corporation on July 27 was admitted to trading on the New York Stock Exchange and officers and directors of the company were guests of the Exchange. Frederick B. Adams, President of the company; Arthur Kirstein, Jr., Vice-President and Director and John W. Cross, also a Director, visited the Exchange floor in company with Emil Schram, President of the Exchange, Robert L. Scott, Chairman of the Board, and Peter P. McDermott, specialist in the company's shares. The guests were also entertained at luncheon.

Form W. A. Becker & Co.

W. A. Becker and George S. Forbes have formed W. A. Becker & Co., 101 Park Avenue, New York City, to engage in a securities business. The firm is currently interested in North Central Broadcasting System.

Mr. Becker was formerly with Cummings Bros., Inc. and in the past conducted his own firm.

Addressing Service

As publishers of **"Security Dealers of North America,"** we have a metal stencil for every firm and bank listed in our publication, which puts us in a position to offer you a more up-to-the-minute list than you can obtain elsewhere.

There are approximately 7,500 names in the United States and 700 in Canada, all arranged alphabetically by States and Cities.

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Urban Living Costs Again Show Advance

Living costs in large cities rose 0.4% between June 2 and June 15, after a drop of 0.1% in the 2 weeks immediately following the General Maximum Price Regulation, Secretary of Labor Perkins reported on July 24. Prices of unregulated goods and services advanced 1.2% in the 2 weeks' period from June 2 to June 15, while prices of controlled goods declined 0.1%. Between May 15 and June 15 uncontrolled prices advanced 2.4%, while controlled items declined 0.8%. The most important advances have been in the prices of uncontrolled foods. The Department states:

"The recent advance brings the Bureau of Labor Statistics' cost of living index to 116.4% of the 1935-39 average, a net increase of 0.3% between May 15 and June 15. Costs on June 15, 1942 were 11.3% higher than on June 15, 1941.

"The cost of living on June 15 was somewhat lower than on Mar. 15 in Norfolk, Birmingham, Mobile and Seattle, largely because of substantial reductions of rent ordered by the Office of Price Administration. Though costs in June were higher in Cleveland and Detroit than in March, they were lower than in May because of rent reductions in these cities that were large enough to offset the increased cost of food. The only other cities surveyed that showed a decline between May and June were Chicago, Savannah and Houston in which food prices were essentially stable or declined."

Food

The Labor Department's announcement further said:

"Prices of foods not under the General Maximum Price Regulation advanced by an average of 4.8% between mid-May and mid-June. Controlled food prices on the other hand showed an average decline of 1%. Total food costs to city families rose, therefore, 1.3% between May 15 and June 15. This increase represents about the same average rate of advance as that which occurred during the 14 months prior to the begining of general price regulation on May 18.

"Fresh fruits and vegetables, lamb and poultry (none of which are subject to price control) led the rise in prices between mid-May and mid-June. Apples advanced 25%, cabbage 15%, lamb 10% and roasting chickens 9%. A drop in prices was reported for fats and oils, beverages, dairy products, and pork, all of which are under the General Maximum Price Regulation, except dairy products. Cereals and most bakery products, beef, canned fruits and vegetables and sugar were also slightly lower.

"The rise of 1.9% in the average cost of meats resulted from substantial advances in prices of lamb, roasting chickens, and fresh fish with only minor changes in other meat prices. The increase of 10.4% in lamb prices was much larger than any May-to-June advance during the past 20 years. Roasting chickens, which usually decline at this season, rose 8.7%. Fresh fish prices continued the advance of the past several months, largely because of labor shortages and the curtailment of fishing areas.

Clothing

"Clothing prices, all regulated, dropped 0.7% between May 15 and June 15, on the average in the large cities. All important articles of clothing declined in price, particularly women's shoes and underwear, and men's work clothes. As compared with earlier periods, however, these costs are still one or two percent above Mar. 15. 1942, 15 to 35% above their level a year ago, and 15 to 50% above the September, 1939, level. (The General Maximum Price Regulation requires the return of prices to the highest level prevailing in March, not to the March 15 price).

Housefurnishings

"In spite of the fact that all articles of housefurnishings are subject to price control, prices of housefurnishings rose, on the average, 0.1% between May 15 and June 15 as result of price increases in a few stores in four cities. In some cases these changes were due to a return to the March level after sales in May. In most cities there was no significant change in the prices quoted for housefurnishings. Mattresses showed the most decline, 0.9%, between May 15 and June 15.

Electric refrigerators, washing machines, vacuum cleaners, sewing machines and radios were not available to civilian buyers on June 15 in a number of the cities covered by the Bureau's survey. Following the policy inaugurated in January, these goods were eliminated from the comparison of living costs in these cities on May 15 and June 15.

Rents

Sharp declines in rent required in a few large cities by the Office of Price Administration caused the average for large cities of the country to decline 1.3% between May 15 and June 15 to a point 0.4% below that of mid-March.

Largest reductions between March 15 and June 15 occurred in Mobile with a drop of 11.8% and in Norfolk 9.0%, while between May 15 and June 15 there were decreases in Seattle of 9.4%, Birmingham 8.9%, Cleveland 7.0%, and Detroit 6.3%. In Cleveland the Office of Price Administration had ordered rents reduced to the July 1, 1941, level ;in the other cities to the April 1, 1941, level.

Fuel, Electricity and Ice

Prices of coal and fuel oil increased in a number of cities between March 15 and June 15, because of higher transportation costs. Rates for electricity and gas for domestic use declined in a few cities. The most marked change occurred in Cincinnati, where the heat content of gas was increased on May 12.

Other Goods and Services

Average costs of other goods and services remained unchanged between May 15 and June 15, at a point 0.7% above the March 15 level. Prices for services, particularly barber and beauty shop, and laundry services, were considerably higher in some cities. Laundry services were not regulated by the Office of Price Administration until July 1. There were also advances in prices of newspapers in 8 cities and of admissions to motion pictures in 12 cities over the quarter. Neither of these is covered by the General Maximum Price Regulation. An increase in gasoline prices has been granted in eastern cities by the Office of Price Administration, because of increased transportation costs.

Want To Cut Costs?

With overhead, small volume, and new capital requirements presenting many new problems to investment dealers, T. J. Feibleman, 41 Broad Street, New York City, have an interesting proposal which they are inviting New York City dealers to discuss with them whereby a mutually agreeable and cost saving arrangement may be made.

Rail Has Possibilities

Securities of the Chicago and North Western Railway offer attractive possibilities according to a circular being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of the circular may be had from the firm upon request.

Insurance Leaders In Campaign To Solve War and Post War Business Problems

Nationally-known insurance men—fire, casualty and life—are active in the campaign of the Philadelphia Chamber of Commerce and Board of Trade to put into effect what is known as the "Philadelphia Program" for furthering the war effort and solving post-war problems. This plan, one of the first and most far-reaching to be worked out in any locality, is reported as receiving attention by industrial, labor, business and other groups interested in keeping the factory wheels turning and in maintaining payrolls and purchasing power now and during the period of reconversion, when normal times return. Presidents of five important insurance companies, having home offices in Philadelphia, are among business and civic leaders working to make the "Philadelphia Program" effective. John A. Stevenson, President of the Penn Mutual Life Insurance Co., is Chairman of the Survey Committee; John A. Diemand, President of the Insurance Company of North America, is Chairman of the Major Firms Division; Horace P. Liversidge, President of the Philadelphia Electric Co. and a Director of the Insurance Company of North America, is Chairman of the Conference Committee; Edward Hopkinson, Jr., of Drexel & Co., also a North America Director, is Chairman of the Executive Council, of which Philip C. Staples, President of the Bell Telephone Co. of Pennsylvania and a North America Director, is a member, along with M. Albert Linton, President of the Provident Mutual Life Insurance Co.; W. Fulton Kurtz, President of the Pennsylvania Co. for Insurances on Lives & Granting Annuities; Walter LeMar Talbot, President of the Fidelity Mutual Life Insurance Co. and other well-known business and civic leaders.

The suggested plan is a 10-point platform based upon recommendations of more than 1,000 business, civic and labor leaders, expressed at 31 war and post-war conferences held during recent weeks. It provides for:

"1. Immediate re-establishment of the 'Panel System' for handling labor problems, based upon the successful system employed from 1933 to 1935 and widely copied by other cities, whereby harmonious relationships may be maintained between employer and employee so that productive capacity may be utilized to the limit.

"2. Expansion of the present program of public health, safety and fire prevention, to maintain civilian health and morale and conserve manpower for the Nation's needs.

"3. A drive to keep municipal finances in such shape, without impairing municipal services, that with the retirement of bond issues and accumulation of a surplus, the city will be able, at the conclusion of the war, to launch upon a comprehensive Improvement Plan.

"4. Rehabilitation of the city's water and sewerage systems and any other municipal services needed to continue Philadelphia's war effort.

"5. A study of the problems of small business so that the war pressure and dislocation of normal industry and business will not take a heavy toll of the business structure.

"6. Interest business and financial leaders in the possibility of providing Philadelphia with adequate ship service when normal trade routes once again are in use.

"7. Develop now a plan for the re-conversion of industry to peace-time production, so that Philadelphia will be kept on a competitive basis with other great industrial centers.

"8. An active cultivation of foreign markets, especially with Latin-American countries, with a view to building good-will.

"9. Creation of a Civic Council, which will bring into working agreement all business, trade, civic and neighborhood associations which will provide city-wide support for programs on city-planning, slum clearance, public improvements, and all other vital municipal problems.

"10. Maintenance of payrolls, which provide the purchasing power of the community, and expansion of services to the retail and wholesale trade.

Sees U. S. Benefiting From England's Experience

On the premise that both England and the United States started World War II with the same way of life and that their peoples should react similarly to like problems, the United States should benefit from England's twenty-seven months of previous experience, according to the current Financial Letter of Merrill Lynch, Pierce, Fenner & Beane, just issued.

The study, which discusses war problems, wage policy, price control, tax principles, and stock market trends, points out that a great many useful ideas can be extracted from a survey of England's economic war strategy. There certainly ought to be instances where trials over there can save errors here, the letter states.

"The starting point for any discussion of the economics of war must necessarily be national income, which is another way of saying production, and this leads naturally to the accompanying problems of price control, wages, farm policy, and taxes," according to the letter. "The people are paid in cash for extra production but much of the output is war material, leaving more spending power than civilian goods on the home fronts.

"The present objective of both nations, stated simply, is to produce the sinews of war and take from the economy the manpower to defeat the enemy, and still leave at home a sound framework to which production facilities and fighting men can return after the war is over. The most feared and likely sympton of dislocation of this essential skeleton structure is inflation."

In April, 1942, the English Government introduced a price stabilization proposal in the hope that this would automatically stabilize wages, the study continues. Previous attempts to hold down prices, presumably aimed to induce level wage scales by holding living costs steady, resulted in a 6% increase in wage costs and a 5% increase in living costs during the fiscal year ended March, 1942. Apparently, the procedure of freezing wages to stabilize prices was as impractical politically in England as it is proving to be under our own "labor" administration. However, recent claims for higher wages were summarily rejected by the National Arbitration Tribunal, the English equivalent of our War Labor Board. Another aid in controlling living costs is the compulsory saving plan for both individuals and corporations now embodied in British tax legislation.

In discussing taxes in England and the United States, the study says that a correct description of this situation comes in three parts:

"First, income taxes have been much more severe in England.

"Second, the American personal income tax load proposed for 1942 will come close to the English 1940 schedule (for the fiscal year ended March, 1941). This practically equalizes the individual income tax loads in both countries, inasmuch as additional taxes in England have been largely offset by post-war credit provisions, an idea recently suggested for corporations in this country but not yet seriously discussed with respect to individual taxpayers. This post-war credit idea in England absorbs almost all recent tax increases in the lower income brackets and a good part of it in the £800 to £1,500 (middle) range.

"Third, the two tax structures are not strictly comparable, in any event, because the United States has much larger local taxes, which are paid by the individual directly or in the form of higher living costs, particularly rent."

In concluding, the letter says that:

"We have said before and we consider it worth repeating that the American production offensive, which must be this nation's initial war strategy, is now in full swing. This letter makes no attempt to engage in military analysis or forecast, but it seems reasonable to assume that the United States and her Allies can support a war economy for several years if necessary, and that the United Nations have the manpower, the talent, and the productive equipment to win, when all these elements are finally welded into a functioning whole."

Wisconsin Victory Fund Group Is Expanded

C. S. Young, President of the Federal Reserve Bank of Chicago, announced on July 24 expansion of the Wisconsin Regional Victory Fund Committee into a State-wide organization of industrialists, commercial bankers, and security dealers, under the chairmanship of Walter Kasten of the First Wisconsin National Bank of Milwaukee. This group will be a part of the national organization which is endeavoring to help the Treasury in its gigantic task of selling some $3,000,000,000 to $3,500,000,000 of new securities each month. An estimated total of $47,000,000,000 must be raised during the fiscal year 1943. Of that amount it is hoped that the War Savings Bonds will produce $12,000,000,000. As much as possible of the remaining $35,000,000,000 will be placed outside of the commercial banks. William H. Brand of The Wisconsin Company is Vice Chairman. The following eleven industrialists, insurance executives, security dealers, and commercial bankers constitute the Executive Committee:

William H. Brand, The Wisconsin Company, Milwaukee.

M. J. Cleary, Northwestern Mutual Life Insurance Co., Milwaukee.

Hans Hagge, Employers Mutual Life Insurance Co., Wausau.

Walter Kasten. First Wisconsin National Bank, Milwaukee.

Frank J. Kuhl, Collector of Internal Revenue, Milwaukee.

T. B. Myers, Hamilton Beach Co., Racine.

Elbert H. Neese, Beloit Iron Works, Beloit.

John St. John, Madison Gas & Electric Co., Madison.

F. J. Sensenbrenner, Kimberly Clark Corp., Neenah.

S. B. Way, Wisconsin Electric Power Co., Milwaukee.

James Wilson, Kenosha.

The campaign committee will have representatives in every principal city in that portion of Wisconsin which lies within the Seventh Federal Reserve District.

Power Co. Looks Good

The 4½s due 1967 and 1970 of Shawinigan Water & Power Co. offer a particularly attractive situation at the present time according to a circular just issued by Charles King & Co., 61 Broadway, New York City, from whom copies may be had upon request.

Joint Tax Returns Rejected By Senate

Consideration has been given by the Senate Finance Committee this week to various views of those heard regarding proposals for incorporation in the tax bill, and some of these views are referred to elsewhere in these columns today. At an executive session of the committee on July 27 it was agreed to permit further consideration of the Treasury's proposal to tax the income from future issues of State and municipal securities before making final decision as to whether this source of revenue should be included in the pending tax bill. This was indicated in advices to the New York "Journal of Commerce" from its Washington bureau July 27 which stated that at the same time it was agreed not to give further consideration to the Treasury proposal to subject to Federal taxes outstanding issues of these securities. The advices to the "Journal of Commerce" further said in part:

"It was decided during the executive session of the committee to permit further discussion of Treasury proposals which would require producers of oil and other natural resources to compute depletion allowances on the basis of cost rather than at 27½% of gross income as is provided under present law. Also open to further discussion is the Treasury proposal which would require oil and natural resources producers to capitalize rather than charge off intangible drilling costs. Under present law, capitalization or charging off expenses of intangible drilling costs is optional.

"The Treasury estimated that $208,000,000 in additional revenues could be obtained by adoption of its proposals with respect to depletion allowances and intangible drilling costs.

"The Treasury proposal for mandatory joint returns for husbands and wives was eliminated from further consideration by the Senate Finance Committee. However, the committee said it would consider a proposal which would place the nine community property States on the same basis as the other States for Federal tax purposes.

"Senator George said that the committee would consider an amendment to present tax laws which would require that the actual wage earner in community property States be subjected to the income tax on his earnings, rather than for the Treasury to look upon the income as being divided between the husband and wife."

At the committee hearing on July 28 a compulsory savings plan designed to curb inflation was proposed by Julian Goldman, a New York merchant, who advocated siphoning off from $25 to $30 billion in consumers' "excess purchasing power." Senator George, discussing Mr. Goldman's testimony with newspaper men, said according to the Associated Press that the witness had not presented specific recommendations to carry out his plan. Senator George added however, that Mr. Goldman had promised to do so. With respect to the views of Mr. Goldman we quote the following from the Associated Press advices in the "Wall Street Journal:"

"If a person is earning $100 a week now and formerly earned only $30, and that increase was due only to defense work, why shouldn't such an individual be compelled to apply $35 out of his weekly salary for the purchase of war bonds?" Mr. Goldman asked the committee.

"Senator Taft (R., Ohio) said he 'thoroughly agreed' that compulsory savings would serve better than taxes to take up the surplus national purchasing power, but added he was in doubt about the machinery for forcing people to save.

"Senator Vandenberg (R., Mich.) asked Mr. Goldman if his objective could not be partially met by applying the principle of excess profits taxes to individual incomes. The New Yorker reiterated his preference for the savings plan.

"Senator George said the individual excess profits tax had been tried during the first World War, and had been difficult to administer.

"Senator Vandenberg inserted in the record an estimate, prepared by the Treasury Department, showing that limiting all individual incomes to $25,000 a year would bring in only $660 million additional revenue annually if the tax rates voted by the House were retained.

"He observed that would only be enough to pay the nation's war bills for four days and ten hours.

In the "Journal of Commerce" Senator George, Chairman of the Senate Committee, was reported as saying on July 28 that "a great deal of thought is being given to enforced or induced savings by the Senate Finance Committee, and it may want to take some definite action on some such plan before concluding consideration of the tax bill." The most preferable form of compulsory savings in his opinion, it added, is through taking a certain percentage of an individual's income remaining after allowances for personal income tax exemptions and placing it in war bonds. From the "Journal of Commerce" advices from Washington we also quote:

"The goal of $12,000,000,000 a year set by the Treasury for voluntary war bond sales was regarded by Senator George as 'the absolute minimum', if banks are not to be called upon to purchase large amounts of Government bonds to finance the war.

"Senator George said that the committee was not controlled by the idea of passing the House approved revenue measure with few changes and including an enforced savings plan in some future tax bill.

"However, he expressed confidence that a bill to increase social security benefits as well as to increase social security rates would be considered by Congress soon after passage of the pending revenue measure.

"The legislation to broaden the benefits of the Social Security Act, Senator George said, 'is quite an undertaking in itself, without complicating it by an enforced savings plan.'"

The prediction that the Senate Committee would reject Treasury proposals to increase individual and corporation income rates in the House-approved $6,271,200,000 revenue bill, but would seek to find possible new fields of taxation was made by Senator George on July 25, as to which Associated Press, Washington advices said:

"Mr. George told reporters that while he believed a majority of the committee would like to attain the Treasury's goal of an $8,700,000,000 net increase in taxes, he felt certain that members would be willing to go that high only if they could agree on some form of levy not now in the pending bill.

"'I am of the opinion,' he said, 'that the Committee will not fix any definite goal but will be disposed to raise additional revenue above that provided by the House bill if sources are found other other than those heretofore suggested by the Treasury which will yield a substantial portion of the increase.'

"The Committee Chairman said such a viewpoint obviously would bring about a discussion of a sales tax or the possible conversion of a House-approved payroll deduction into a direct tax instead of merely an advance payment on regular income tax liabilities.

"Remarking that both of these matters must be classed as extremely controversial, he said that he was not at all sure the committee would agree on any form of new tax. He intimated such a disagreement might well result in failure by the committee to recommend any substantial revenue increases in the measure."

48-Hr. Week Urged By Govt. For War Work

In a joint statement of policy to secure increased war production, eight Government agencies on July 28 urged the adoption of a maximum work-week of 48 hours, or six eight-hour days, for "sustained efficiency" in industrial operations. The joint statement issued as a guide to war contractors in view of the wide discrepancy in labor policy on hours of work, recommended these four practices "to increase the efficiency of the human factor in production":

1. For wartime production the eight-hour day and 48-hour week approximate the best working schedule for sustained efficiency in most industrial operations.
2. One scheduled day of rest for the individual, approximately every seven days, should be a universal and invariable rule.
3. A 30-minute meal period is desirable.
4. Vacations are conducive to sustained production and should be spread over the longest possible period.

The recommendations, it was pointed out, in no way affect the provisions of the Wage-Hour Act requiring time and one-half pay for work in excess of 40 hours a week.

The Labor Department reported that 1,500,000 war workers are working longer than 48 hours a week. Plants employing these workers were asked to analyze their present situation with respect to output and time lost because of absenteeism, accident, illness and fatigue.

The statement of policy was signed by Robert P. Patterson, Under Secretary of War; Ralph A. Bard, Assistant Secretary of the Navy; Rear Admiral Emory S. Land, Chairman of the United States Maritime Commission; Paul V. McNutt, Chairman of the War Manpower Commission; Donald M. Nelson, Chairman of the War Production Board; Wayne C. Taylor, Under Secretary of Commerce; Dr. Warren F. Draper, Acting Surgeon General representing the Public Health Service, and Daniel W. Tracy, Assistant Secretary of Labor.

The statement of the eight agencies was as follows:

"In view of the wide discrepancy in labor policy on hours of work among establishments—both private and governmental—working on war production, and in order to secure observance of those standards which experience shows are best for sustained maximum output, the following statement of policy is issued as a guide to government establishments, to field representatives of procurement agencies and to contractors working on war production.

"Nothing herein contained in any way diminishes the urgency of securing round-the-clock seven day week operation of plants and tools. The primary reason for this statement of policy is to secure increased production by calling attention to certain practices that have been found to increase the efficiency of the human factor in production.

"One scheduled day of rest for the individual, approximately every seven days, should be a universal and invariable rule. The 7-day workweek for individuals is injurious to health, to production and to morale. It slows down production because of the cumulative effects of fatigue when not broken by a period of rest and relaxation and it leads to increased absenteeism. Only in extreme emergencies and for a limited period of time should workers or supervisors forego the weekly day of rest.

"A 30-minute meal period in mid-shift is desirable for men and women from the standpoint of the worker's health and from the standpoint of productivity. In occupations that involve contact with poisonous substances workers must have time to wash before eating, as an elementary health precaution.

"Daily and weekly hours of employes in war-production plants should be re-examined to assure those schedules which will maintain maximum output over a long war period. Hours now worked in some plants are in excess of those which can be sustained without impairing the health and efficiency of workers and reducing the flow of production.

"When daily and weekly hours are too long the rate of production tends, after a period, to decrease, and the extra hours add little or no additional output; the quality of work may deteriorate during the whole period of work, not only during the hours of overtime; absenteeism rises sharply; the loss of time due to accidents and illnesses tends to increase.

"Effects upon the health and morale of the workers may be slow in appearing, but are cumulative in nature. Irregular attendance disrupts the flow of production because certain operations call for a balance of trained forces. In order to conserve irreplaceable skilled and supervisory man power, uneconomical schedules should be revised.

"When plants drawing on the same labor market compete for labor through the device of offering heavy overtime payment the resulting unrest and turnover interferes with war production. In order to stop this type of labor pirating there should be uniformity in the hours schedules of plants in the same industrial area.

"While a 40-hour week is generally accepted in peacetime there is a widespread and increasing agreement as a result of actual experience, both in this country and abroad, that for wartime production the 8-hour day and 48-hour week approximate the best working schedule for sustained efficiency in most industrial operations.

"While hours in excess of 48 per week have proved necessary in some instances due to a limited supply of supervisory and skilled man power, there has been some tendency to continue longer schedules after sufficient opportunity has been afforded to train additional key employes.

"Plants which are now employing individual workers longer than 48 hours a week should carefully analyze their present situation with respect to output and time lost because of absenteeism, accident, illness and fatigue. They should re-examine the possibilities of training additional workers now, in order to lessen the need for excessive overtime during the long pull ahead. As rapidly as is feasible these plants should introduce the hours schedules that will maintain the best possible rate of production for the duration.

"The policy of providing opportunity for restoration of energy of employes by a vacation period away from the job is demonstrated to be conducive to sustained production and is even more sound under emergency conditions of industry today than in peacetime. Experience demonstrates that providing regular opportunity for men to have a limited period of time away from the job makes it easier to control sporadic absenteeism.

"Industry, in planning vacation programs must exert the utmost ingenuity to obtain the benefits without paying an overbalancing cost in productive hours lost.

"Vacations should be staggered and spread over the longest possible period. Vacations should not be permitted to excuse any shutdown of any department of any war production plant except where such shut-down would not curtail production."

In The Armed Forces

Dana Allan Burt, Jr., partner in Hazlett, Burt & Watson, Wheeling Steel Corp. Bldg., Wheeling, W. Va., is now serving as First Lieutenant in the U. S. Army Air Corps.

Robert F. de Coppet, member of the New York Stock Exchange, is on active duty with the U. S. Naval Reserve.

John Gordon Moriarty, formerly in the securities business at 14 Wall Street, New York City, is now serving in the U. S. Army.

Oliver J. Troster, of Hoit, Rose & Troster, 74 Trinity Place, New York City, has been commissioned a Lieutenant-Colonel, Army of the United States. He reported to Washington for assignment on July 29. Colonel Troster served during the first World War as a Lieutenant-Colonel, General Staff, Assistant Chief of Staff, G-1, 33rd Division (Illinois National Guard), AEF.

WPB To Up Production Of Synthetic Rubber

The War Production Board has approved an increase in its synthetic rubber program from 800,000 tons to 870,000 tons, it was announced on July 27.

The increase will be obtained with no expenditure of critical materials for construction purposes, and is due to advanced engineering in the production of Butyl rubber, says the Board which likewise states:

"The new techniques permit an increase of 70,000 tons in the formerly planned 60,000-ton capacity of plants already under construction.

"The expanded program is not expected to alter the projected figure of 300 tons of Butyl rubber to be produced in 1942. The increase does not change the current picture, and the facts on the rubber situation indicate, as has been said before, that there is no rubber to spare for non-essential purposes.

"Butyl rubber has been found to be extremely useful in the manufacture of gas masks, anti-gas clothing, raincoats, rubber boats, life preservers, barrage balloons, wire insulation, and miscellaneous moulded goods. It is also being experimented with for use in tires, although indications are it is not equal to Buna S synthetic rubber for tire purposes."

NY Retailers Bond Rally

A War Bond rally, sponsored by the retailers of New York City and held on July 28 at the New York Public Library on Fifth Avenue, resulted in the sale of $1,405,000 in War Savings Bonds and $30,000 in War Stamps. The goal of the rally, which featured brief patriotic addresses and a program of entertainment, had been set at $1,000,000. The results were attained despite a heavy downpour which interfered for a time with the program. Mayor La Guardia and former Gov. Alfred E. Smith featured the ceremonies incident to the rally.

Utility Outlook Improved

A study of the public utility industry has been issued by Lord, Abbett & Co., Inc., 63 Wall Street, New York City, under the caption, "Improved Outlook for Utility Securities." Copies may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Says——

(Continued from page 357)

* * *

Two weeks ago I recommended that new purchases be postponed until the market had completed its reaction. Last week I felt that dullness would take the place of reaction and suggested the addition of a few stocks. But I hadn't bargained on the rails coming along or the possibility of the industrials being temporarily by-passed. But come along they did. This by the way doesn't mean a so-called confirmation according to the theory as expounded by Dow. For to get a full confirmation both averages must first break through on the upside through previous resistance and then on subsequent declines hold above previous lows and then go up through the old highs. For any speculator to wait until such a cycle is completed before taking any position is asking almost too much. I can't wait that long.

* * *

There is however a so-called "validating" move in which one average refuses to confirm the poor action of the other. It is this "validating" move, or non-confirmation, that gives the real clue as to the trend. During the past week the industrials either did nothing or went down about three points. The rails went up. This constituted a non-confirmation on the downside or what Dow called a "validating" move. It means that the trend is now up and that stocks are no longer a sale on advances but a buy on declines.

* * *

During the week just passed the market was hit with all kinds of news—all bad. On the war front the continued success of the Nazi war machine is anything but assuring. On the domestic front the Steel earnings statements while no terrific surprise was likewise disquieting. Still all the market did was to recognize technical factors by going off the three points in the industrials while the rails took up the cudgel and went up.

* * *

If there was any time that the market had ample reason to sell off sharply it was last week. The technical indications plus the news were sufficient reason. Still it didn't go down as much as technical signals alone indicated. This is therefore a reassuring sign. Or what Dow called a "validating" influence.

* * *

How long the market will continue to act as it is before resuming its already indicated trend is something I can't answer. Markets may refuse to go down on bad news showing underlying technical strength but they will not go up a great deal unless some outside stimulus is applied. This stimulus may be in the shape of good news but to say what it will be would be silly even if I knew—which I don't.

* * *

In conclusion therefore I advise that positions recently taken in securities should be held intact unless stop levels are definitely broken.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Investment Trusts

(Continued from page 359)

creases in holdings; Chrysler, Cutler-Hammer, General Motors, Homestake Mining.

From Investment Company Reports

Chemical Fund, Inc.:

Net assets as of June 30, 1942 totalled $7,831,750 as compared with $7,556,426 at the end of the March quarter. During this period the net asset value per share rose to $7.85 from $7.54. There were 996,739 shares outstanding as of June 30, 1942.

* * *

Fundamental Investors, Inc.:

Net assets as of June 30, 1942 amounted to $5,145,993.44. This was equal to $13.15 per share for the 391,241 shares outstanding. The per-share net asset value at the close of the preceding quarter was $13.31 and on Dec. 31, 1941 was $13.53. For the first six months of 1942 the value of the fund declined 2.8% as compared with a decline of 4.5% for Standard & Poor's 90 Stock Index for the same period.

* * *

George Putnam Fund:

The Trustees reported net assets as of June 30, 1942 at $4,916,000 as compared with $4,686,000 at the end of the March quarter. Shares outstanding increased from 455,539 to 473,270 and net asset value per share from $10.29 to $10.39 during the period.

* * *

Inland Investors, Inc.:

The 100,000 shares outstanding as of June 30, 1942 had a net asset value of $1,589,111 or $15.89 per share. This compares with a net asset value of $17.10 per share as of the end of 1941.

* * *

Investment Company of America:

Net assets as of June 30, 1942 totalled $2,823,392 for the 185,253 shares outstanding. This amounted to $15.24 per share as compared with $16.24 per share on Dec. 31, 1941.

* * *

Keystone Custodian Fund, Series "B2":

Net asset at the fiscal year ended April 30, 1942 amounted to $5,816,849 or $22.51 per share on the 271,187 shares outstanding. Net asset value per share a year earlier was $21.29.

* * *

Massachsetts Investors Trust:

Net assets represented by the 6,037,912 shares outstanding as of June 30, 1942 amounted to $88,205,593.65 or $14.61 per share. This compares with $84,495,318.63 or $14.22 per share at the end of the March quarter.

* * *

State Street Investment Corp.:

Net assets totalled $29,990,189 as of June 30, 1942 equivalent to $54.79 per share on the 547,402 shares outstanding. As of Dec. 31, 1942 net assets totalled $29,337,924 or $54.72 per share on the 536,184 shares outstanding at that time.

* * *

United States & Foreign Securities Corp.:

As of June 30, 1942 the indicated value of net assets amounted to $24,471,742, equivalent to approximately $142 per share of the First Preferred Stock. Indicated asset value of the controlled United States & International Securities Corp. amounted to $22,547,646 or $94 per share of First Preferred Stock as of June 30, 1942.

Chemical Bank Officers In the Armed Forces

The Chemical Bank & Trust Company, 165 Broadway, New York City, announces the list of members of their official staff who are now in service with the Army and the Navy. In addition to executives listed, there are 164 members of the clerical staff now in various armed services, the bank states.

Robert V. Lee, Assistant Treasurer, Lieutenant-Colonel, U. S. Army, (attached to the general staff of the First Army under command of Lt.-Gen. Hugh A. Drum.

Alfred G. Tuckerman, Branch Assistant Manager, Major, U. S. Army with the Twelfth Cavalry, El Paso, Texas.

Geoffrey V. Azoy, Trust Officer, Captain, U. S. Army Coast Artillery stationed at Ft. Hancock, N. J.

James B. Davis, Assistant Vice-President, First Lieutenant, U. S. Army Air Forces, Wright Field, Dayton, Ohio.

Kingsbury S. Nickerson, Assistant Vice-President, First Lieutenant, U. S. Army Air Force, Army Air Base, Santa Ana, Calif.

N. S. Calhoun, Jr., Assistant Secretary, Lieutenant, U. S. Navy.

Seymour Dribben, Assistant Secretary, Lieutenant, U. S. Navy.

Philip D. Holden, Assistant Secretary, Lieutenant, U. S. Navy.

WPB Revises Non-Essential Building Restrictions

The War Production Board on July 23 eased its recent drastic restrictions on non-essential construction by permitting an owner to begin reconstruction of certain types of non-residential buildings damaged or destroyed after this date, provided immediate restoration is "necessary for the prosecution of the war or to protect public health or safety."

The change according to advices from Washington to the New York "Herald-Tribune" July 23 was contained in Amendment 2 to Conservation Order E-41, which already permits restoration of damaged residential structures without WPB authorization. Construction authorized by this revision is defined as all construction other than residential and agricultural, including commercial, industrial, recreational, institutional, highway and utilities. The advices add:

"To restore other restricted construction, however, the builder must notify the WPB by telegraph within five days of the damage, setting forth the cause of destruction, function of the damaged structure, estimated cost of repair and reasons why immediate reconstruction is necessary."

The WPB order halting all new non-essential building construction was referred to in these columns April 16, page 1557.

UP-TOWN AFTER 3

With the sun scorching the streets of Manhattan your reporter decided to play hookey last week and go to the country to fight mosquitoes, black flies and Japanese beetles. Oh yes, and to build what he fondly hopes will some day be a lily pool. Incidentally, if any readers know how to convert a hole in the ground into a pond where those lilies, you see in seed catalogues, grow, he would like to hear from them. In any case playing with a pick and shovel prevented any movie seeing or night club visits. However, Phil Baker, the "Take It Or Leave It" man, wrote a piece for the column. Here it is.

"TAKE IT OR LEAVE IT"

By PHIL BAKER

A pint of gas is almost as expensive these days as a pint of blood, and harder to get. You are saving your tires for essential use anyhow. So what can you do these long summer nights? You sit at home and listen to the radio—we hope. After all, you can't go to the movies more than three or four times a week. That's why helpful Phil Baker, the little ray of sunshine who wanders through the world disguised as Orphan Annie doing good deeds daily, is seated at his 1902 Oliver typewriter to tell Bill Smith's "Uptown After 3" readers how to pass the time away these gasless nights.

I have a brand new game patterned after my Sunday night program. I call it coincidentally enough, "Take It Or Leave It At Home." It's a simple game and gives you the chance to get even with your friends or those who call themselves your friends, and we all know people like that!

You start your questions at a penny reward and parlay it until you get to 64¢. Gather your friends and relatives in the living room, then begin. No hints from the audience, please.

First take your brother-in-law. He's the guy who has been living with you for six years. Say to him, "For one cent, answer this question correctly: 'Have you any intention of going to work this year?' " The audience will howl. Your brother-in-law will say yes, but give him the penny anyway.

Then you ask, "Will you try for two cents or will you take the penny?" Being a guy who can do more with two cents than with one, he'll try for two.

Then you say, "Was it you who borrowed 50¢ from Mamie's (that's your wife) shopping money out of the vase on the mantle piece?" He'll deny this, but give him the 2¢ anyway to keep him going. Then you tell him, "You now have two cents; will you try for four?" Everybody will encourage him to try and flattered by the encouragement, he will.

As everyone listens with keen interest, you ask, "That suit you're wearing, was that borrowed from my closet, never more to return?" Of course you ignore the black looks Mamie is throwing your way. You won't let her be a spoil sport. It's a cinch that dear brother-in-law will try for the eight-cent question. Now you start to give him tough ones. After all, that's the way we work it on the radio show.

From here on it's important to be careful of your diction so the contestant cannot misunderstand the question. Slowly and deliberately you ask, "Give the name of a relative of mine by marriage, now present in this room, and who when he filled out his draft questionnaire, listed Mamie and me as dependents to get a 3-A classification?" Brother-in-law will mumble something about flat feet keeping him out anyway, but you disregard that just as you disregard Mamie's hasty suggestion that it's time for refreshments.

For the 16¢ question and subsequent 32¢ and 64¢ question your ingenuity will be tested. The questions should be highly enjoyable to the audience and at the same time highly difficult for brother-in-law.

The game need not be confined to relatives. Neighbors should be permitted to participate. You can ask such questions as, "Your wife is a brunette. Did she become a blonde to walk down the street with you last night?" Or, "Name a local citizen who borrowed my garden hose last summer and patriotically gave it to the rubber salvage drive this summer." Or, "Which of the following pet names have you been using most frequently in describing your loving sponse: ball and chain, battle axe, or squawking squaw?"

The possibilities are endless. And if one of the "Take It Or Leave It At Home" contestants threatens you with an axe, don't just laugh it off. Declare him ineligible for the jackpot!

President Confers With Soviet Envoy

President Roosevelt conferred with Maxim Litvinov, the Soviet Ambassador, at the White House, on July 22, presumably on the question of opening a second front in Europe. No details were given out regarding the meeting. Mr. Litvinov withheld information as to his talk with the President and turned aside questions as to a second front. The Soviet Ambassador is understood to have repeatedly urged the creation of a second front. The United Press reported that Mr. Litvinov, before visiting President Roosevelt, made urgent pleas to other United Nations officials in the capital for action in Western Europe.

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Calendar of New Security Flotations

OFFERINGS

SONOCO PRODUCTS COMPANY

Sonoco Products Company filed a registration statement with the SEC for $1,000,000 serial debentures, $1,000 denominations, maturing serially, in amounts of $30,000 on July 1, 1943, and on first day of each July thereafter until and including July 1, 1966; the remaining $280,000 maturing July 1, 1967. Debentures of July 1, 1943, will bear interest of 1.5% and of July 1, 1944, 1.75%, with interest rate increasing fractionally on succeeding maturities and amounting to 4.25% on July 1, 1967, maturity

Address—Hartsville, S. C.

Business—Company is engaged in the manufacture and sale of paperboard, tissue paper, paper cones and tubes and other paper products, as well as in the manufacture and sale of impregnated and special tubes for the electrical and allied trades

Underwriting—The names of the underwriters and the amounts underwritten are G. H. Crawford Co., Inc., Columbia, S. C.; R. S. Dickson & Co., Inc., Charlotte, N. C.; McAllister, Smith & Pate, Inc., Greenvile, S. C., and A. M. Law & Co., Spartanburg, S. C., each for $250,000

Offering—Offering price to the public will be at face value or principal amount thereof, plus accrued interest on the debentures from July 1, 1942

Proceeds—Of the proceeds $670,820 will be used for additional working capital and $294,350 for retirement of outstanding 5% cumulative preferred stock of registrant—of which $290,000 is outstanding—callable at 101½

Registration Statement No. 2-5021. Form A-2. (6-26-42)

Registration effective 5:30 p.m. EWT on July 22, 1942

Offered July 24, 1942 at prices to yield from 1.50% to 4.25% according to maturity

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Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, AUGUST 9

SCUDDER, STEVENS & CLARK FUND INC.

Scudder, Stevens & Clark Fund Inc., filed a registration statement with the SEC for 40,000 shares of capital stock of a proposed maximum aggregate offering price of $2,999,200

Address—10 Post Office Square, Boston, Mass.

Business—Investment trust

Underwriting—No firm commitment to take the issue has been made

Offering—Approximate date of proposed public offering is Aug. 1, 1942. Shares are issued at the then net asset value, plus 1%. The quoted price as at July 10, 1942, as calculated in the price make-up sheet was $74.98 per share which price was used in estimating the proposed maximum aggregate offering price

Proceeds—For investment

Registration Statement No. 2-5027. Form A-2. (7-21-42)

SATURDAY, AUGUST 15

INVESTORS MUTUAL, INC.

Investors Mutual, Inc., filed a registration statement with the SEC for 1,500,000 shares of special capital stock, no par value, of an aggregate offering price of $13,243,362

Address—200 Roanoke Building, Minneapolis, Minn.

Business—Investment trust

Underwriting—Investors Syndicate, 200 Roanoke Building, Minneapolis, Minn., is underwriter of the securities registered

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5028. Form A-2 (7-27-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

CAMILLA CANADIAN MINING CORP., LTD.

Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

Address—Toronto, Ont.

Business—Mining and milling

Underwriting—Enyart Van Camp & Co., Chicago, underwriter

Offering—Offering price is 25 cents per share, U. S. funds

Purpose—For development, exploration, equipment, milling plant and working capital

Registration Statement No. 2-5013. Form S-3. (6-15-42)

Amendment filed July 2, 1942, to defer effective date

Hearing on suspension, scheduled for July 22 postponed to Aug. 10, 1942.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co. a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Company on July 7, 1942 filed an amendment to its registration statement reducing the proposed debenture issue to $250,000

Registration Statement withdrawn July 23, 1942

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). No more than $30,000 principal amount of said bonds shall mature in any one year

Address—135 Kent Ave., Brooklyn, N. Y

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

Eastern Cooperative Wholesale, Inc., in an amendment filed July 1 to its registration statement, states that bonds maturing 1944-1956 exclusive of 1950 and maturity date to be specified on face of each bond $50,000 is maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years.

Amendment filed June 29, 1942, to defer effective date

ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members.

EMPIRE GAS & FUEL CO.

Empire Gas & Fuel Co. has filed a registration statement with SEC for $21,534,800 3½% sinking fund debentures, due Jan. 1, 1962

Address—One Exchange Place, Jersey City, New Jersey

Business—Company owns securities of subsidiary and other companies together primarily engaged in substantially all phases of the petroleum and natural gas businesses in the United States other than retail distribution of natural gas. The company is not an operating company

Underwriting—Company has entered into an agreement with The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane, as dealer managers who have aided and are aiding in preparing the exchange offer and plan of recapitalization to form and manage a group of security dealers which shall include the dealer managers, for the purpose of obtaining agreement to exchange under the company's proposed exchange offer

Offering—Company is offering to the holders of its preferred stock (other than Cities Service Co.) the opportunity to exchange their preferred shares, with all dividend arrears thereon, for the 3½% sinking fund debentures now registered of an aggregate principal amount equal to the par value of their preferred shares and accumulated unpaid arrears thereon to Jan. 1, 1942. The basis of exchange per share of preferred stock, showing face amount of debentures to be received by each class of preferred stockholder follows: 8% cumulative $176.66; 7% cumulative $167.08; 6½% cumulative $162.29, and 6% cumulative $157.50

Proceeds—The debentures are to be offered for exchange to the preferred stockholders of the company.

Registration Statement No. 2-5025. Form A-2. (6-30-42)

EQUIPMENT FINANCE CORPORATION

Equipment Finance Corporation has filed a registration statement with the SEC for 5,000 shares of common stock, no par value

Address—Chicago, Ill.

Business—Short term financing etc.

Underwriting—No underwriter named

Offering—Issued prior to registration for cash and property 2,007 shares at $100 per share, and 2,993 shares are to be publicly offered at $100 per share

Proceeds—For trucks, land, building additions, improvements and garaging facilities

Registration Statement No. 2-5023. Form S-2. (6-27-42)

Amendment filed July 23, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956 and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed July 14, 1942, to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outstanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed July 20, 1942

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29. 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed July 13, 1942, to defer effective date

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

In an amendment filed by the Lukens Steel Co. covering the registration of $2,200,000 4¾% sinking fund debentures the underwriters and the amounts to be purchased are given as follows:

Name	Amount
E. H. Rollins & Sons, Inc.	$874,000
Allen & Co.	600,000
Pistell, Wright & Co., Ltd.	186,000
Stroud & Co., Inc.	150,000
Graham, Parsons & Co.	100,000
Biddle, Whelen & Co.	100,000
Vallance & Co.	100,000
Boenning & Co.	50,000
Bond & Goodwin, Inc.	40,000

Offering price to the public will be 100 plus accrued interest from June 1, 1942.

THE MEAD CORPORATION

Mead Corporation filed a registration statement with the SEC 8,000 shares of $5.50 cumulative preferred stock, Series B, with warrants for the purchase of common stock (Series of 1937) attached; 8,000 warrants for the purchase of common stock (Series of 1937) attached to certificates for $5.50 cumulative preferred stock, Series B and 97,200 shares common stock, without par value

Address—Chillicothe, Ohio

Business—Present business in which the company and its subsidiaries are engaged consists of the manufacture and sale of products falling into three main groups, namely, white papers, chestnut corrugating and other paperboards, and wood and bark extracts for tanning

Proceeds — To acquire all outstanding stock of Escanaba Paper Co.

Underwriting—This offering is not being underwritten

Offering—The company offers to all holders of first preferred stock, irrespective of series, and all holders of common stock of Escanaba Paper Co. one-half share of the company's $5.50 cumulative preferred stock, Series B, with warrants for the purchase of common stock (Series of 1937) attached, and 4½ shares of the company's common stock, without par value, for each share of Escanaba preferred stock, and 1/10th share of the company's common stock, without par value, for each share of Escanaba common stock, in each case with all dividends paid or payable thereon during the period of the offer. Statement notes that 24,000 shares of the common stock registered will not be separately offered, but are reserved for issuance solely in satisfaction of the warrants for the purchase of common stock

Registration Statement No. 2-5019. Form A-2. (6-25-42)

Registration Statement effective 5:30 p.m. EWT on July 16, 1942

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed July 17, 1942, to defer effective date

Southwestern Public Service Co. on July 21 filed an amendment to its registration statement fixing the interest rate on the proposed issue of $18,500,000 first mortgage and collateral trust bonds due 1972 at 3¾%. Interest rates on serial notes will be supplied by amendment

STANDARD AIRCRAFT PRODUCTS, INC.

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946, $62,000; and debentures maturing 1947, $65,895

Underwriting—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. R. N. Webster may be an underwriter

Proceeds of $48,105 (1943 maturity) will be used for working capital

Registration Statement No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Standard Aircraft Products, Inc., has filed an amendment to its registration statement which modifies the offering terms of the statement as originally filed. The 1943 maturity ($48,105) will be offered to the public at 100.50. The other 33,586 shares of $7.50 par 40 cents cumulative preferred stock on a par for par basis, and may be resold through underwriters as follows: 1944 maturity at 100; 1945 maturity at 99.50, 1946 maturity at 99.00 and 1947 maturity at 98.00

Amendment filed July 17, 1942, to defer effective date

Withdrawal request filed in San Francisco, July 23, 1942

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed July 24, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2 (3-30-40)

Amendment filed July 25, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

Amendment filed July 17, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., in dissolution to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2 (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Brief Informal Recess Taken By Congress

A brief recess was taken by Congress on July 27, at which time Speaker of the House Rayburn (of Texas) stated that after a talk with President Roosevelt he expected the House, at least, to be in informal recess for five or six weeks. Representative Bulwinkle of North Carolina (Dem.), was sworn in as Speaker on July 27 to serve during the absence of Mr. Rayburn, who indicated that because of the condition of his voice, he hoped to get some Texas sunshine for several weeks.

Addressing the House on July 27, relative to the recess, Representative Sabath said:

"Personally, I know I express the sentiments of the House when I wish that the Speaker and the majority leader will enjoy the short vacation which they so fully deserve. As most of you know, I have served in many strenuous sessions of the House during my long service and I can truthfully say that the present Congress has been the most strenuous of them all. We have been in continuous session, with the exception of a short Christmas recess, for nearly 17 months and I feel, notwithstanding the unfair jibes of some of the columnists and newspapers, that the American people appreciate the great services that this Congress has rendered. It was indeed unfortunate that in the beginning of the present Congress in 1941 some members did not realize the approaching danger to our beloved country, but I am sure that all recognize it now. We had a real duty to perform and I feel we have performed it. Mr. Speaker, notwithstanding criticism from certain sources, I feel that the membership of this House is entitled to a few short weeks."

In advices from Washington, July 27, regarding the informal recess the New York "Times" said:

"Representative McCormack also left Washington and appointed Representative Cochran as acting majority leader, and Senator Barkley, the majority leader, announced that there would be no important legislation in the upper chamber until the war revenue bill was brought up sometime in September.

"Although both Houses will hold token meetings, the moves of the Congressional leaders were taken as evidence that the Administration would not in the near future ask Congress for further legislation to authorize the placing of a ceiling on farm prices and wages."

OPA Orders Rents Cut In More Defense Areas

The Office of Price Administration on July 22 ordered residential rents cut back and stabilized in 18 more defense-rental areas. In 14 areas rents will be rolled back to levels prevailing on March 1 this year; two areas have July 1, 1941, maximum rent dates; one area has the April 1 ceiling and one Jan. 1, 1941. In size the areas vary from Key West, Fla., with a 1940 population of 14,078, to Milwaukee, Wis., with 987,181. The 18 areas have a population of nearly 4,000,000 persons, making a total of 39,000,000 persons who will be living under Federal regulation as of Aug. 1.

Paul A. Porter, Deputy Administrator of the OPA in charge of the rent division, on July 23 issued the following statement supplementing the announcement of the opening of defense rental area offices in 18 additional areas:

"A total of 369 defense rental areas has been designated by the Office of Price Administration. Beginning on the first of August the maximum rent regulations will have been made effective in 94 of these areas.

"Numerous inquiries are being received as to when a regulation will be made effective in many of the remaining 275 areas. It is the objective of OPA to make legal control effective first in those areas where the rental problem is most acute. Obviously there are many areas in addition to the 94 covered by a maximum rent regulation where the movement of rentals would justify immediate legal control. Investigations are continuing in a number of these places and it will be the objective of OPA to make the maximum rent regulation effective in these additional areas as rapidly as our administrative and financial resources permit.

"No area which was not included in the Aug. 1 group should consider that it is immune from a legal form of rent control. Additional offices will be opened on Sept. 1. In the meantime, owners of rental property in areas not covered by a maximum rent regulation are urged to give voluntary compliance to the Price Administrator's recommendations with respect to their particular area."

Three-Point Program To Relieve Meat Shortage

Secretary of Agriculture Claude R. Wickard announced on July 23 a three-point program designed to help alleviate the existing meat situation.

"1. Beginning with next week's purchases, the maximum prices the Agricultural Marketing Administration will pay for most meat products being purchased for Lend-Lease account will be revised downward below the ceilings set for government purchases by the Office of Price Administration.

"2. In connection with the same purchases, adjustments in price differentials in different areas will be made to bring prices more nearly in line with the actual cost to packers in different areas.

"3. Plans are being formulated whereby packers facing the necessity of suspending operations may continue to operate by entering into a processing agreement with the Department of Agriculture whereby the greater part of their output will be taken for government account.

In connection with the program, Secretary Wickard stated that in all probability Agricultural Marketing Administration purchases of meat for Lend-Lease will be reduced somewhat during the next few weeks. Slaughter during this period is normally low. Secretary Wickard said:

"The revision in prices will assist in bringing about a better adjustment in prices paid for Lend-Lease purchases and prices prevailing in the domestic trade. We have been supplying substantial quantities of meat to the United Nations and must continue to do so. However, shipments for a brief period ahead can be reduced somewhat, thus making a larger quantity available for domestic consumption."

The announcement by the Department on July 23 said:

"Meat products prepared for Lend-Lease shipment differ from those sold in the domestic trade in selection, cure, processing and packaging. The over-all price ceilings established by the OPA for the domestic trade were not applicable therefore to Lend-Lease purchases and it was necessary to establish separate ceilings Now, however, the Department believes it will be possible to operate below these ceilings.

"The Secretary pointed out that this action will largely remove any advantages that packers, who are filling government orders for essential Lend-Lease requirements, may have had over those whose business is wholly in the domestic market."

Under date of July 22 Associated Press accounts from Washington in stating that a shortage of meat developed in some areas on July 21 in the midst of the nation's campaign to produce abundant food for victory, added "Some packers attributed the deficiency to price ceilings, a tremendous demand for beef, a lack of adequate shipping facilities to some cities, and heavy buying for the armed forces and Lease-Lend purposes.

"Processors in Chicago contended the supply should be ample for the United States as a whole and that the scarcity was limited to some cities and to certain cuts of the commodity."

Later Associated Press advices from Washington (July 23) stated:

"Price Administrator Leon Henderson urged meat packers today to continue distributing supplies normally, without favoring cities in which higher meat prices prevail. He told consumers simultaneously that a currently widespread meat shortage probably would continue for another month or six weeks. After that time the anticipated heavy fall run of hogs and cattle would come to market he explained.

"If the livestock and meat industry cooperate voluntarily in channeling distribution normally even though required to make temporary sacrifices, Mr. Henderson asserted their aid would tide the country over the usual summer shortage period. The shortage is emphasized this year by heavy meat demands from the armed services and Lend-lease."

Emphasizing that current shortages of meat in some parts of the country were only temporary, the Department of Agriculture predicted on July 25 that a record supply of hogs would be sold and slaughtered during the marketing year beginning Oct. 1, according to the Associated Press.

Savings Deposits Are Steady In 1st 6 Mos.

American thrift is reflected in figures released today (July 30) by the National Association of Mutual Savings Banks, showing their experience for the first six months of the year. Until recently mutual institutions, operating in 17 States, have shown a steady rise of deposits, assets and number of depositors, but in the six-month period figures for these three groups receded slightly. The recession was so slight that mutual savings bank men consider it exceptional proof of the public will to maintain savings accounts, as well as to buy War Savings Bonds. Mutual institutions have been one of the principal distributing agencies for these bonds, having passed on to the public $489,351,485 worth of these securities up to June 30.

The Association's statement further said:

"Analysis of mutual savings bank figures indicates that in the first six months of 1942 deposits receded by $251,691,175, a comparatively minor item in view of total deposits amounting to $10,354,532,573. This latter figure still was only slightly below the peak of a year or two ago.

"Assets usually keep pace with deposits and, in the present case, followed that rule. The decrease was $260,529,599, also a minor item in relation to total assets of $11,677,734,013. Likewise, this total represented only a small percentage of decline from top figures.

"Surplus, another fundamental indicator of mutual savings bank operation, rose by minute ratio to 12.4% for each dollar of deposits. The figure continued to be one of the highest ever achieved for any similar accumulation of capital.

"Mutual savings bank men affirm that number of accounts, rather than deposits or assets, is the best measuring stick of savings. Judged upon that basis, number of accounts steadily followed deposits and assets, the decline for six months being 231,326. But the total of 15,674,831 still constituted the greatest total of accounts representing 'small savers.'

"Investment difficulties were seen again in the slightly reduced rate of interest-dividends paid to savers in mutual institutions. The change was fractional, from 2.05% to 2.04%.

"Average accounts for the entire 17 States in which mutual institutions operate kept in line with other figures. They receded slightly, from $666.48 to $660.58. These figures were based upon all accounts, including 'special purpose' accounts. By omitting Christmas Club and similar accounts, the average 'regular' account came to $827.85, against the 'general' average of $660.58.

"Mutual savings bank officials were much gratified that their large distribution of War Savings Bonds and Stamps had not interfered with customary savings accounts. They pointed out that it is just as necessary nowadays to have a ready source of money as it has been in the past. Also, they expressed the opinion that monthly goals for War Savings Bonds would be reached and expressed the hope that any form of compulsory saving would be avoided."

Payments On Greek Bonds

The Greek Government has deposited with the National City Bank of New York, paying agent for Greek Government bonds, additional funds on account of the coupon due Feb. 1, 1941 of the 6% Stabilization Loan of 1968 and the Nov. 1, 1940 coupon of the 7% Refugee Loan of 1964, which payments are being made at 43% of the face amount of the coupons.

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Eisele-King Merges With Libaire-Stout

The New York Stock Exchange firms of Eisele & King and Libaire, Stout & Co. will consolidate into a single co-partnership under the name of Eisele & King, Libaire, Stout & Co., with main offices at 50 Broadway, New York City.

Partners in the combined firm will be Morris Sprayregen, who holds membership in the Chicago Board of Trade and an associate membership in the New York Curb Exchange, George J. Scully, Benjamin Feinberg, Arthur H. Goetz, Irving H. Mendelson and Henry A. Libaire, the latter two partners being members of the New York Stock Exchange, general partners, and Laura K. King, special partner.

All partners will be located at the firm's New York office, except Mr. Feinberg and Laura K. King, who will have headquarters in Newark.

The firm maintains a number of branch offices in New York, New Jersey and Connecticut.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on July 27 that the tenders for $350,000,000, or thereabouts, of 91-day Treasury bills, to be dated July 29 and to mature Oct. 28, which were offered on July 24, were opened on July 27 at the Federal Reserve Banks. The details of this issue are as follows:

Total applied for, $645,242,000.

Total accepted, $350,308,000.

Range of accepted bids (excepting one tender of $500,000):

High, 99.925, equivalent rate approximately 0.297%.

Low, 99.905, equivalent rate approximately 0.376%.

Average price, 99.907, equivalent rate approximately 0.369%.

(19% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on July 29 in the amount of $150,125,000.

Gertler Has Pro Play

There is a strong rumor that Jack Gertler of Gertler, Stearns & Company, 49 Wall Street, New York City, will turn golf professional in the near future, the basis for this story being the 76 he shot at the Fenway Golf Club at White Plains, N. Y., in a match with Irving Feltman of Mitchell & Co. and Max Barysh of Ernst & Co.

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Our Reporter On "Governments"

(Continued from first page)

jective of $1,000,000,000 monthly sales probably will be reached this month, but not because of Series E sales especially. . . . Factor behind this apparently encouraging result has been and is the step-up in maximum on allowable purchases of Series F and G obligations. . . . Many institutions have doubled purchases because of this rule. . . . Purchases of bonds in New York Reserve District above $125,000,000 last week, indicating best response here since January and suggesting good results for country at large. . . But soon, the margin for Series F and G purchases will be exhausted. . . . And the fact that voluntary buying of the very desirable Series E bonds is not hitting the pace demanded for a $1,000,000,000 monthly record will become apparent. . . .

Forced savings? Still a real possibility and maybe the only answer. . . . But July's achievement may stimulate purchases among the little fellows for the "public's bond" and hold off this development for a while longer. . . .

INSIDE THE MARKET

Dealers report they make little or no money on subscriptions to discount bills, made weekly. . . . Acting as "servicemen" primarily for the Government, they insist. . . .

Market strong underneath dullness, however. . . . Little selling, except by professionals. . . . Inherent power reported by several observers in face of foreign and domestic news of highly disturbing nature. . . .

Insurance company purchases continuing at slightly better than 50% of purchases of all investments so far this year. . . . Percentage to increase gradually from this point on, but it will go up. . . .

One reason excess reserves of member banks fell so fast and far recently was greater-than-anticipated purchases by banks of 2s on a cash basis. . . . Banks paid for 40% of bonds bought on that basis, against expectations that not more than 33% of issue would be so paid for. . . . Change in reserve requirements coming at any time now. . . .

Estimate by official source in Washington puts holders of war bonds now at above 18,000,000. . . .

STEADY INTEREST RATES

"American Banker," the daily banking publication, sampled opinion of 1,407 banks throughout the United States a few weeks ago on question "do you believe that interest rates will be held at about 2% for 10-year Treasury bonds for the duration." . . . Answers were yes, 1,006; no, 289. . . . Indicating overwhelming confidence among country bankers on Government's ability and determination to keep interest rates where they are. . . .

As of today, the 2s of 1951/49 are yielding between 1.94 and 1.97% to call date. . . . And as of today, there are few people in the financial district who even discuss the possibility of a major rise in interest rates in the near future. . . .

Says Small Dealer Being Ignored

The letter reproduced below was written by B. S. Lichtenstein, 99 Wall Street, New York City, to the Editor of the New York "Times":

Dear Sir:

Your headline "Brokers Wonder About Survival" in yesterday's Financial Section, irks me no end and I want to go on record in saying that it is not in accordance with the facts. In your second paragraph you say "the eight representatives of the industry have named the men who will represent them, etc." I believe that the above mentioned eight representatives and the brokers they represent are worried about their survival but they represent only a small organized minority of the industry.

There are thousands of small securities dealers and brokers in the United States who belong to no association and who are unrepresented in the talks now going on in Philadelphia. These brokers are highly conscientious, intelligent and industrious merchants. Instead of bewailing the lack of volume, which wailing is so audible in New York, these small brokers find attractive securities and sell them to their clients at a fair profit. These dealers know that as long as they continue to work and study the available merchandise, their business will survive.

There is only one thing that can put these rugged individualists out of business. I refer to some un-American law corresponding to the minimum capital requirements just passed by the NASD. The writer of your article speculates as to the effectiveness of the NASD in regulating the Over-the-Counter business on the sharply abridged budget due to the loss of members. In my opinion, the SEC is regulating the securities business and not the NASD. In my opinion, this latter organization has helped no one except a few high priced executives who apparently are not even aware of the existence or of the importance of the small independent dealer.

Very truly yours,

B. S. Lichtenstein.

Surdam To Manage Newburger-Hano Office

SCRANTON, PA.—Announcement is made of the opening of a local branch office by Newburger & Hano, members of the New York Stock Exchange, with offices in New York, Philadelphia, Baltimore, Atlantic City, Scranton, Harrisburg, Reading and Lebanon.

The Scranton office is located on the second floor of the Mears Bldg., corner of Washington Avenue and Spruce Street.

Truman A. Surdam, formerly of Surdam & Co., will be the local manager, and associated with him will be W. B. Brubaker and Otto D. Taylor. Harry H. Simms, who is presently representing Newburger & Hano, will also be affiliated with the new office.

The local trading business, formerly conducted by Surdam & Co., will be actively continued under the management of Mr. Brubaker.

Correction

By way of correction of a misspelled name in the item which appeared in our issue of July 23 (page 265), respecting the plans announced for the study of joint problems confronting the SEC and the Securities Industry, it is proper to state that the extract quoted from the Philadelphia account to the New York "Times" should have been credited to Walter W. Ruch; the name was incorrectly reported in these columns through a typographical error as Walter W. Reich.

Investors Fairplay League Opens Drive

The newly incorporated Investors Fairplay League, of which B. C. Forbes is managing director, has issued its first membership cards and embarked on a nationwide organizational drive. The League, formed with a view to protecting the interests of investors, life insurance policyholders, savings bank depositors, homeowners, property owners and small business men, received its incorporation papers last week.

Mr. Forbes, business analyst and columnist, was drafted to head the organization, it is stated, after he had repeatedly urged investors to get together in order to make their interests understood against the pressure groups operating in other fields. Hundreds of investors immediately took up the campaign, and organization of the League was the result.

The certificate of incorporation of the League states:

"The purposes of the League are:

"1—To build up a nationwide organization which shall vigorously conduct activities designed to bring about fair play for: investors, homeowners, life insurance policyholders, small business men, savings depositors, other property owners.

"2—To advocate by every lawful means the preservation of the existing private enterprise system.

"3—To conduct economic studies and research and to inform the public and the members of the association of the results thereof.

"4—To cooperate in establishing local bodies having similar purposes throughout the country.

"5—To express publicly the attitude of the League on any legislation or proposed legislation, including tax laws, affecting the interests of its members.

"6—To participate in an appropriate and lawful capacity, and without compensation or pecuniary profit to the association or its officers, in matters involving questions of mismanagement, or inconsiderate treatment of investors, or labor relations where principles are involved which affect the interests of members. The attitude of the League may or may not be the same as that of any government agency which may participate in such matters.

"7—To advocate and promote a far greater degree of genuine democracy in industry, as distinguished from merely theoretical democracy in industry."

NYSE Employee Retires

Frank A. Nolan, 64-year-old senior employee of the New York Stock Exchange, retired from active duty on July 25, after 52 years of continuous service. Commemorating the occasion, his associates on July 24, at a gathering in his honor, presented Mr. Nolan with a sapphire ring. John B. Freudenberger, President of the Exchange's Quarter Century Club, made the presentation. For the past eight years Mr. Nolan has been a supervisor on the floor of the Exchange. He first became an employee of the Stock Exchange in 1890 and joined the Stock Clearing Corporation in 1893, continuing with that organization until 1934, when he assumed supervisory duty on the Exchange floor.

Calif. Aviation Study

A most attractive 50-page booklet on Southern California Aviation securities is being distributed by Wyeth & Co., members of the Los Angeles Stock Exchange, 40 Wall Street, New York City. Contained in the booklet are complete descriptions and financial data on 28 aircraft companies. Copies may be had upon request from Wyeth & Co.

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Dealers Ass'n Vote On Capital Requirements

At a meeting of the Board of Governors of the New York Security Dealers Association held July 23, 1942, the amendment to Article I, Section I of the By-Laws of National Association of Securities Dealers, Inc., prescribing minimum capital requirements, was discussed. As a result, the following resolution was adopted by the Board:

"WHEREAS a sufficient number of the members of the National Association of Securities Dealers, Inc. voted in favor of the adoption of the amendment to Article I, Section I of the By-Laws of that Association, which amendment will become part of the By-Laws if not disapproved by the Securities and Exchange Commission on or before Aug. 14, 1942, and

"WHEREAS it is the opinion of this Board, after mature consideration, that the amendment as approved is in conflict with the spirit of the Securities Exchange Act of 1934, and detrimental to the investing public and registered Broker-Dealers, now therefore be it

"RESOLVED that the New York Security Dealers Association through its president, providing the majority of the members concur, notify the Securities and Exchange Commission of its opposition to the adoption of the amendment, and request the privilege to express to the Commission its reasons therefor, and be it further

"RESOLVED that a copy of this resolution be sent to each member of the New York Security Dealers Association with the request that he express his approval or disapproval of the action suggested herein."

In next week's columns of the "Chronicle" further particulars on the result of the poll of members of the Association will be given, as returns as yet are incomplete.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

The transfer of the Exchange membership of the late Cecil Lyon to Edgar Scott, who will continue as a partner in Montgomery, Scott & Co., Philadelphia, Pa., will be considered on Aug. 6th.

The proposal that Charles H. Marshall act as alternate on the floor of the Exchange for Pierpont Adams will be considered by the Exchange today.

Henry C. Keenan, member of the New York Stock Exchange, will retire from partnership in Edward A. Viner & Co., New York City, on Aug. 1st, when the firm will cease to be a Stock Exchange member firm. Edward A. Viner & Co. will continue to hold membership in the New York Curb Exchange.

Menko Rose will retire from partnership in Bernard, Winkler & Co., New York City, on July 31st.

Harrington & Co., New York City, will be dissolved as of July 31st.

Final Edition
THURSDAY
In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 156 Number 4094
New York, N. Y., Thursday, July 30, 1942
Price 60 Cents a Copy

End Of Special Tax Privileges Urged By Morgenthau Before Senate Finance Comm.

With the opening of the hearings on July 23 by the Senate Finance Committee on the huge tax bill passed by the House on July 20, Secretary of the Treasury Morgenthau conceded that "it is true that the bill would produce by far the greatest revenues in our history," yet he said it "would provide only $6.3 billion additional revenue in place of the $8.7 billion we recommended in the spring. It would fail by about $2.4 billion to reach that minimum of last spring, which is even more emphatically the very least we can afford to provide today."

Secretary Morgenthau pointed out that "the Administration's revenue program was presented last Spring as a minimum." He went on to say:

"On March 3, when I first came before the Ways and Means Committee, our total contemplated expenditures for the fiscal year 1943 were $63 billion. Since then they have risen by $14 billion, and the total war appropriations, authorizations and requests for this and succeeding fiscal years have risen by $75 billion."

Objections to what he termed "special privileges" in the House bill, were voiced by Mr. Morgenthau viz.: "tax exemption of income from State and municipal securities"; the provision permitting the deduction of 27½% of their gross receipts by owners of oil and gas wells; and the privilege of filing separate income tax returns by married couples in so-called community property States. From Secretary Morgenthau's statement we quote:

Special Privileges

"The Revenue Bill as it stands violates the basic principle of equity which is so important to an all-out war finance program. It does this by leaving certain highly privileged groups free from tax on large portions of their income.

"The first of these especially favored groups are the recipients

(Continued on page 378)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

Inasmuch as success stories are about the only ones that can be written out of Washington these days, our report this week has to do with the "coming forward" of Joe Eastman. These stories, we think, serve a purpose. They should be uplifting to our thousands and thousands of thinkers that are being turned out each year from our institutions of higher learning. We don't know, but it is reasonably likely, that history will show that our decline came when every American father's ambition was to send his son to college, and did. Thereupon, we developed a great race of thinkers, instead of workers, and thinking became our greatest industry, and this industry having become overloaded, the Government finally moved in to give opportunity and outlet to it.

The Government having done this, a lot of funny things developed. Thinking became a refuge for many shenanigans and nonsense, but the business of thinking, it seems, turned out to be an essential war industry, and saved a lot of young men from going up against guns, for which thinking was, in the first place, responsible.

We have in mind Leon Henderson's right hand young man, Mr. Ginsburg. At the age of 30, just ripe to do things to Hitler and Hirohito, of course, Henderson has insisted that Ginsburg is indispensable. The way Leon has put it, there are worse things to dread than Hitler and Hirohito, mostly the former and one of them is inflation. Well, as we understand it, the question is whether the Army is to have Ginsburg or we, the people, are to keep him and prevent inflation. When you put a proposition up to a people like that—should we have inflation or let the Army have Ginsburg, what can a people be expected to do? We are against inflation and we are **for** the Army. There is a testing of people's mettle here, the question of whether a distraught and worried people are capable of making the right decision.

Yet there is a lesson for all of us. It shows how tenuous is our bulwark against inflation. Just Ginsburg, it seems. Let the Army take him and we get inflation. Sometimes when the problems are put to us in this wise, our inclination is to say, oh hell, let the worst come. You would think that leaders who have known how to work out everything, the crops we should raise, how we should work, what pay we should receive for that work—would know what to do in a matter such as this. We

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Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.

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THE FINANCIAL SITUATION

It was after an extraordinary "build-up" that Secretary of State Cordell Hull on Thursday evening last spoke at length by radio to the American people, and, it is doubtless hoped, to the remainder of the world. A considerable portion of the Secretary's time was devoted to just another excoriation of our enemies, and there were here and there sentences rather plainly directed at governments and peoples whose attitude and actions of late have not been in the least pleasing to the Government of the United States or to the British authorities. These passages the American citizen may well pass over without great pause.

A League of Nations Man

Mr. Hull was a Wilsonian democrat and as such was an ardent supporter of the League of Nations idea. It is, therefore, not strange that he should now again as in the past give strong support to the Rooseveltian version of such schemes and devote a good deal of his time to telling the American people that our failure to support Wilson's ideas on this subject, and Wilson's plans, is in substantial degree responsible for the fact that the world today is embroiled in another war which in horror and destruction far surpasses even that one which came to an end in the autumn of 1918. From such an argument flows quite naturally the further contention that we should not "make the same mistake" after this war has been won. All this is, of course, well worked ground. All those who have long agreed with this line of reasoning will doubtless applaud vigorously. Those who despite all the tumult and the shouting have managed to retain a more realistic conception of world politics will, it is certainly to be hoped, not be unduly influenced by the lofty but rather impractical idealism of the greatly respected Secretary of State.

It is when the Secretary goes beyond all this, far beyond anything Woodrow Wilson, who was in his day regarded as an almost "hopeless" idealist, ever dreamed of, that he, like the President, Mr. Willkie and many others, seems to become confused and certainly does become deeply disturbing. No

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What Destroyed Them?

***Equally plain is the need for making national currencies once more freely exchangeable for each other at stable rates of exchange; for a system of financial relations so devised that materials can be produced and ways may be found of moving them where there are markets created by human need; for machinery through which capital may—for the development of the world's resources and for the stabilization of economic activity—move on equitable terms from financially stronger to financially weaker countries.—*Secretary of State Cordell Hull.**

To be sure, the Secretary is well aware that all this once existed. Is he certain that he understands what destroyed them?

He continues:

There may be need for some special trade arrangement and for international agreements to handle difficult surplus problems and to meet situations in special areas.

These are only some of the things that nations can attempt to do as continuous discussion and experience instruct their judgment. There are bound to be many others. But the new policies should always be guided by cautious and sound judgment lest we make new mistakes in place of old ones and create new conflicts.

There is not much in these sentences to resolve one's doubts.

Reserve Board Amends Regulation On Credit

In recognition of the urgent necessity for the conservation of fuel because of the current difficulties of transportation, the Board of Governors of the Federal Reserve System has adopted, effective July 27, Amendment No. 6 to Regulation W, relating to consumer credit. The Board's announcement states:

"This amendment removes the restrictions of the regulation from the extension of credit to finance the conversion of heating equipment from one type of fuel to another, such as the adaptation of furnaces now burning oil to the use of coal in those parts of the country where the supply of oil next winter will not be adequate for existing equipment.

"The amendment also removes restrictions on credit to finance the installation of storm doors, storm windows, weather stripping, and insulation which effect an over-all saving in fuel consumption.

"The adoption of the amendment at this time is intended to facilitate early action on the part of home owners so that as much as possible of the necessary work can be completed before the heavy season for such work arrives and before the growing wartime pressure on transportation and other facilities becomes more acute."

The Board also adopted, effective July 27, Amendment No. 7 to the consumer credit regulation, removing the restrictions of the regulation from credit to finance repairs and replacements of real or personal property damaged or lost as a result of floods or other similar disasters.

Tydings Urges Inquiry Into Budget Bureau

A Senate Appropriations subcommittee urged recently "a thorough investigation of the Bureau of the Budget, covering in such investigation the fitness of the personnel, methods of operation, failure to take prompt action to place the Federal Government on a streamlined all-out war basis, and whether the Bureau should be independent of the Executive and responsible only to the Congress."

The Committee, headed by Senator Tydings (Dem., Md.), is said to have declared that a policy of "deficit financing" has been largely responsible for the Budget Bureau's failure to maintain a check on "efficient management" in the various government departments.

The following, bearing on the report, is from Associated Press advices:

"With reference to conversion of peace-time agencies to war work, the Committee recommended enactment of legislation authorizing the Civil Service Commission to transfer employees from one Government department to another, regardless of the employees' personal wishes, in order to utilize their services 'in the best interests of the war effort.'

"The report, issued after study of 2,200 questionnaires sent to the various Federal agencies, asserted that 'certain officials' of the National Resources Planning Board as well as some officials of the Budget Bureau 'have been and are yet carrying on very discreet, but nonetheless pernicious, propaganda to the effect that there must continue after the war even greater mounting deficit spending on the part of the Federal Government than was followed during the decade' just past."

Editorial—

Whole Insurance Field Doing A Praiseworthy War Job

One of the many industries doing a big job for the war and getting very little public credit for it is insurance—and that goes for the whole business, from life insurance to marine war risk insurance. About the only political benefit the various insurance businesses have reaped from their efforts has been an apparent let-up in the attacks from Washington, but even that is not to be counted on too much. The TNEC, to be sure, is dead, but Anti-Trust lives on. At the present time it is battening on the good reputations of the oil industry, and of such large companies as General Electric, Pullman and Aluminum, over-riding Army and Navy wishes, harassing them while all their efforts are turned to war work. These is no reason to suppose that after a while it will not return to the insurance business.

Most conspicuous public service of the insurance industry at the moment is of course the job being done by the fire insurance companies in handling the new war damage or bombardment insurance. No one knows how much is being written, but estimates run as high as $75,000,000,000, which is close to or perhaps even in excess of the total outstanding fire insurance coverage in the country.

All this business is being placed by the fire insurance people without profit. Strict limits on the charges the industry can collect for its services are placed by the law and were accepted some months ago. These are definitely expected by all hands to prevent the companies from making a cent of profit on the business over and above out-of-pocket costs. Fees are limited to 3½% of the premium, or $1,000, whichever is the smaller.

The extraordinary thing, however, is the speed with which the companies are handling the business. Owing to circumstances over which no one had any control, the necessary paper work in Washington was not cleared up until about the middle of June, leaving just about a fortnight until the expiration of the original free insurance authorized by Congress last December to the extent of $100,000 of War Damage Corporation liability. An enormous demand immediately swamped the companies, particularly from corporate managements, trustees, and other responsible persons who did not care to take the responsibility for leaving their property uncovered from this severe, albeit uncertain risk. For a time some of the companies were handling tens of thousands of policies a day. The mere fact that inside of six weeks approximately the same coverage is being written as the total outstanding fire insurance coverage, speaks for itself.

On top of that the companies deserve credit for the preliminary and the informative work they contributed. It is true that for some time the fire companies seemed apathetic to bombardment insurance, feeling it was a governmental function. But after the thing was under way, they helped in the drafting of the law, then helped out the overworked War Damage Corporation officials in getting the rules, regulations and forms ready, and then cooperated in keeping producers and public informed about these rules, regulations, and forms.

The life insurance companies, though presented with no such spectacular task, have nevertheless contributed substantially in their own way. Agents and agents' organizations have volunteered for the war bond savings program and have made sales and obtained promises to the extent of hundreds of millions of dollars at no recompense and despite the fact that such sales may very often compete in the prospect's mind as an alternative to the purchase of the insurance on the sale of which the agent makes his living. In addition, of course, the companies have cooperated closely with the Treasury's heavy borrowing requirements, and have switched their investments almost entirely to governments, despite the frequently lower yield to be obtained thereby for their policy-holders.

Marine insurance shouldered after Pearl Harbor a larger burden than it found it could continue to carry. Underwriting American hulls in Atlantic Coast and Gulf waters, the companies ran into such heavy losses that in a few months something around $45,000,000 of the $46,000,000 of hull war risk profits earned in over two years previous were wiped out, and they found it necessary to reduce their coverage very sharply and raise their rates steeply, before the brunt of the burden was, quite properly, taken over by War Shipping Administration. Meanwhile the Cargo War Risk Reinsurance Exchange continues its excellent work, carried on along lines laid down in World War I.

Excellent work is being done by the casualty, as well as the fire and the marine companies, in the new techniques of carrying conservation and safety messages to the public in advertisements in lieu of straight-out policy or company-name ads.

In the meantime the operating problems of the companies have in many cases increased sharply in the last year. Of course the story of declining investment return is a long and familiar one. It still continues to be a severe headache for the companies, and the propriety and necessity of confining their investments to Treasury issues, even if the companies buy only the longest offerings, bid fair to continue to tighten the screws.

But in addition most lines of insurance have either already experienced or face in the near future a cut in premium revenues or a sharp increase in losses. On the former count, the life companies are already feeling a considerable cut in the sales of ordinary life insurance which is only cushioned in the total figures by the increase in sales of group insurance. The increase in sales which ran through the first two years of the war apparently culminated in the sharp but temporary peak in December last year under the impetus of announcement of coming premium rate increases and war risk surcharges. While the national income is still going up at a phenomenal rate, life insurance sales have failed to rise with it.

Fire and casualty companies also face the loss of considerable automobile insurance. While insurance on new cars is only a small part of total automobile insurance, the estimated 25% cut in passenger driving and 18-20% cut in over-all gasoline consumption—which the rubber manufacturers say will have to be still further reduced if the tires are to last—is bound to be reflected soon in automobile insurance premiums.

On the loss side of the picture, the outstanding example is of course the marine war risk losses. Considerable fat is also likely to come off the marine companies in the next few months because of the lag between the writing of policies last year and the increased marine losses this year under those policies due to the greater hazards of navigation in war-time even apart from the direct war risk.

Greatest risk to the private business of insurance today, however, is in the growth of government insurance in increasing variety and volume. While the war has headed off the investigations, it has accelerated the government competition. The New Deal's principal business ventures were in the fields where accounting can be most easily twisted to show artificially low costs, as in housing and electric power, where interest and depreciation charges are matters largely of opinion, and in insurance, where the actuarial risk can be disguised, minimized, or otherwise pushed around. The actuarial shell-game worked by the Social Security Act (now it's real insurance, now it's 'social insurance,' now it's a premium, now it's a tax, now it's a benefit payment, now it's a pension) is well known to life insurance men, while the phony actuarial nature of the government crop insurance is well known to the other types of insurance companies.

With the war, however, has come an enormous volume of government life insurance for soldiers, plus more and more pressure for expansion in the coverage of the Social Security Act. The government is now the largest life underwriter in the country, through the National Service Life Insurance Act. The latest annual report of the Social Security Board calls not only for "a beginning" of medical insurance but for government insurance against wage losses due to illness.

The trend toward more and more government "insurance" is indicated by an article in the current issue of Harper's Magazine urging that a system of insurance be set up by Congress against the costs and pains of industrial reconversion back to civilian production after the war is over. Considering what the costs and pains of conversion to war are, the scope of this proposal, which is made in an article purporting to have the interest of private capitalism at heart, is obvious, and considering that small business is likely to be the victim in re-conversion to peace, the amount of political tampering with such "insurance" likely to follow such a move is also obvious. Thomas Edison once said, "Steam power is business and hydro power is politics." Of insurance it might also be said that "private insurance is business but government insurance is politics."

House Votes Funds For Naval Shore Facilities

A bill authorizing the Navy to spend $974,634,000 for shore facilities, including $399,494,000 for aviation facilities and $315,000,000 for miscellaneous structures and advance bases, was passed by the House on July 22 on a voice vote and sent to the Senate. The measure, supplementing the recently-approved $8,500,000,000 fleet expansion program, also carries a $30,000,000 fund "for a kind of secret training and a kind of secret weapon" as described by Representative Vinson (Dem., Ga.) Chairman of the Naval Affairs Committee. The authorizations in the bill included:

Fleet facilities, $60,000,000; storage, $24,000,000; liquid field storage, $20,000,000; Marine Corps training, $11,000,000; ordnance storage, $52,000,000; personnel training and housing, $26,140,000; hospital and dispensary, $25,000,000; shore radio, $15,000,000; naval research laboratory, $2,000,000; passive defense, $25,000,000.

The Senate Naval Affairs Committee on July 27 in a closed session voted its approval of the bill.

THE FINANCIAL SITUATION

(Continued From First Page)

dispassionate student of world affairs is likely to take issue with the Secretary concerning the natural, if exceedingly unfortunate, consequences of the ultra-nationalism with which the world was cursed following the first World War. We should certainly not be disposed to do other than applaud his demand that goods be permitted to move more normally and easily from country to country when this war is over. We think imperialism in its older and cruder form at least is on the wane, and we should be the last to mourn its passing. In discussing such subjects as these the Secretary is at his best.

Confused Thinking

But unfortunately he does not stop there. Some of his most impassioned passages are devoted to what appears to be a carefully prepared defense of the weird conglomeration of notions which the President, Mr. Willkie and the others of the same mind, have for months past been preaching in season and out, and here he seems to be no better reasoner than they. Take this passage, for example:

> The compelling demands of war are revealing how great a supply of goods can be produced for national defense. The needs of peace should be no less compelling, though some of the means of meeting them must be different.
>
> Toward meeting these ends, each and every nation should intensively direct its efforts to the creation of an abundance for peacetime life. This can only be achieved by a combination of the efforts of individuals, the efforts of groups and the efforts of nations. Governments can and must help to focus the energies by encouraging, coordinating and aiding the efforts of individuals and groups.

The public would do well to give the most careful thought to some of the ideas which appear to lie implicit in such passages. They seem to us to be quite incompatible with, if not the negation of, much of what the Secretary has said at other times and at points even in this address about individual liberty, initiative and self-reliance. They are an almost perfect echo of the President's paternalism, his insistence upon regimentation and over-all economic management by government. It may be argued, to be sure, that it is better to have such things done by one's own government than by some foreign regime which has only its own selfish ambitions in mind, but have we Americans, it may be asked, reached the point where we want them done at all? If so, we have certainly strayed far from the doctrines historically invoked by the party of either Mr. Hull or President Roosevelt—and about as far from those of Mr. Willkie's party.

The Nation vs. the Individual

Note carefully that it is "every nation", not every individual, which must bend its effort toward creating a more abundant post-war life. Observe that the goal selected can be reached only by a combination of efforts, one must suppose efforts consciously directed by government. Indeed the Secretary in so many words says that government must "focus", "coordinate" and "aid" the efforts of individuals and groups. These are not the only sentences in which the Secretary preaches such doctrines. On the contrary, much of his address is saturated with this type of argument. Is it possible that the "conservative" Mr. Hull has come so much under the influence of the New Deal type of economic and social thinking that he finds nothing strange in these conceptions? It is certainly most devoutly to be hoped that the American people have not reached such a point.

Borrowed Notions

What we evidently have here is a large admixture, doubtless without awareness of it on the part of many who speak in this way, of the central doctrines of communism, socialism, fascism and nazism. We, of course, do not here refer to the political doctrines of Germany, Russia or Italy, if it is possible always to distinguish clearly between political and economic doctrines in this day and time. It is obvious that the Secretary is free of the aggressive and ruthless imperialism of such countries as Germany and Japan. He is plainly outraged by the brutality of their methods, and, of course, no one outside of Germany and our institutions for the insane take much stock in the master race nonsense deeply imbedded in Hitlerism. But the conception of an all-wise, all-controlling state seems to underlie both this newest phase of New Dealism as it does the theories of the German, Italian and Russian governments. This idea perpetually popping up that the vast accomplishments of American industry in war production may be taken as a measure of what could be achieved in times of peace if only government "coordinated" or exerted some sort of over-all direction over industry is a variant of this same philosophy—and is for that reason thoroughly dangerous.

Half Slave, Half Free

One thing appears to us to be crystal clear. That is that no economy is likely to thrive and achieve as all want it to achieve while it is half free and half slave to government. What we have always termed private enterprise and socialism or communism simply do not mix. Private enterprise to have the full advantage of individual initiative and to function effectively must be really free. If government is to exert an over-all management, is to direct, or to coordinate, it must also in large part supply the initiative which normally springs from reasonable opportunity for profit as a reward for enterprise—and it must furthermore supply those checks and balances which are automatic in a free economy. Nor can state socialism flourish without full control. If we really believe that fully managed economy is able to bring the advantages alleged we should summon the courage of our convictions and go the whole way.

As a matter of fact, we are perfectly certain in our own minds that the American people have nowhere nearly approached the point where they really want to abandon their traditional system of free enterprise. The trouble is, we believe, that they do not stop to think these matters through to their inevitable conclusions.

The State Of Trade

Business activity is reported as ruling close to the high levels of the year. Electric kilowatt output broke into new high ground and substantial gains were reported for Detroit industrial activity and steel ingot production.

Electric power output in the week ended July 18th, was 3,565,367,000 kilowatt hours, a new all-time weekly high and an increase of 11.4% compared with the like week a year ago, according to the Edison Electric Institute. The latest week's total compares with 3,428,916,000 kilowatt hours in the preceding week and with the previous record high of 3,474,638,000 kilowatt hours for the week ended last Feb. 7.

Carloadings of revenue freight for the week ended July 18, totaled 857,067 cars, according to the Association of American Railroads. This was an increase of 1,943 cars over the preceding week this year, 42,303 fewer than the corresponding week in 1941, but 126,607 cars above the same period two years ago. This total was 127.39% of average loadings for the corresponding week of the ten preceding years.

Steel production for the current week is scheduled at 97% of capacity, a decline of 1.7 points from last week's rate of 98.7%, the American Iron & Steel Institute reported early this week.

The 97% rate indicates output of 1,647,700 net tons of steel ingots for the week, comparing with production of 1,676,500 tons last week and 1,612,500 tons in the like 1941 week.

Department store sales on a country-wide basis were up 5% for the week ended July 18, compared with the same week a year ago, according to the Federal Reserve system.

Department store sales in New York City in the week ended July 25, were 3% smaller than in the corresponding week of last year, according to a preliminary estimate issued Monday by the Federal Reserve Bank of New York. Retail demand generally was reported sluggish. Extremely hot weather, which stimulated the movement of summer goods in many centers, proved a shopping hindrance as far as home furnishings and new fall apparel lines were concerned.

The constant accumulation of cash resources in the hands of lower income groups makes another retail buying spurt an ever-present possibility for the later months of the year, according to observers. It is pointed out that it is quite probable that before these huge liquid funds will flow into Government securities or other investments on a large scale, they will be placed freely again in consumer goods so long as the latter remain available.

It is said that such a resumption of forward buying has been anticipated right along by retailers. It explains why they have not been generally concerned over the fact that stocks on hand in some instances are almost double those of a year ago, on a dollar basis.

Because of growing replacement difficulties, a new buying spurt could bring about a drastic curtailment in store inventories within a relatively short period, according to these observers. In that event, the problem of excessive retail stocks would change drastically, and less would be heard about the need for inventory control.

One of the chief concerns of the country today is inflation. That the nation daily is being forced closer and closer toward this danger, which would dislocate the whole economy and be disastrous to the war effort, was the warning issued by the executive committee of the Chamber of Commerce of the State of New York.

The action of the National War Labor Board in granting a wage increase for employees of the four "Little Steel" companies represents a major defeat in the struggle for enforcement of the government's program of price control and leaves little hope for effective price regulation under the present set-up, says Guaranty Trust Co. of New York in the current issue of "The Guaranty Survey."

The bank says the government now apparently faces the difficult alternative of abandoning all serious effort at price stabilization or resorting to more drastic methods of wage control. Strong doubt has been cast on the possibility of achieving even a reasonable degree of price stability without some form of direct and enforceable control over rates of pay, the bank further states.

It is pointed out that rising wages and rising costs, with their threat to price stability, are not entirely due to legal requirements and union demands. The upward trend of wages arises in part from the competition of employers for the available labor supply. This competition is apparently resulting in high rates of labor turnover and some interference with war production.

While the total time lost due to strikes in war industries continues relatively low by comparison with the pre-Pearl Harbor record, the trend is reported as still upward as compared with the initial months of the year.

During June, there were 192 strikes in war plants, as compared with 144 in May. Almost twice as many workers were involved last month than in May, and the man-days lost aggregated 275,000,000 during the month, as compared with 22,000,000 the month before.

This rising trend could become serious, some personnel men fear, in that it may reflect a weakening of the determination of unions to bar interruptions because of industrial disputes. It may be, however, that the serious war news this month and the growing impatience of the public with influences that hold up war production will bring about a change. Strike statistics over the next few weeks will demonstrate whether these influences have succeeded in checking the upward trend in time lost because of labor controversies reported during the first half of 1942.

A 14% increase in business failures during the week ended July 23, raised the total to 190 from 167 the week before, reports Dun & Bradstreet, Inc. The number, however, remained well under the level a year ago when 253 cases were reported.

Home Building Restricted

With current residential construction confined to meeting the housing needs of the most essential war workers, the availability of a sound financing system for the purchase of existing homes has become increasingly important to American home-buyers, it was stated on July 25 by Federal Housing Commissioner Abner H. Ferguson. For the great majority of American families, Mr. Ferguson pointed out, existing houses represent the only supply of shelter that will be available for the duration of the war. Because of the urgent need for conserving critical war materials, new home building is of necessity being restricted to the minimum amount required to house essential war workers who move into the war industry centers to take up their place on the armament production lines, he said. He further stated:

"Under these conditions, most families requiring new quarters must turn to existing houses rather than purchasing or renting a newly constructed dwelling. However, this wartime necessity does not mean that inadequate housing accommodations must be accepted. In many areas of the country, there are large numbers of sound, older houses on the market which compare favorably in comfort and design with new dwellings."

Under the FHA-insured mortgage plan, financing facilities are available in all sections of the country for the purchase of existing houses at a monthly cost equivalent to or less than rent, Mr. Ferguson noted. He observed also that existing homes meeting the FHA's minimum standards as to soundness of construction, design and location are eligible for FHA-insured mortgages of up to 80% of the FHA valuation of the property, with terms extending as long as 20 years. If essential repairs are necessary to restore the property to sound condition, amounts spent for such purposes may also be financed by the mortgage.

The FHA announcement further said:

"All FHA mortgages provide for equal monthly payments to meet interest and insurance premiums and to pay off the loan in full over the prescribed term. These monthly payments also include the sums needed to pay property taxes and hazard insurance, thereby affording protection against default on these important items in the home-owner's budget. The interest rate on FHA-insured mortgages is limited to a maximum of 4½% on reducing balances, plus the FHA mortgage insurance premium of ½ of 1%.

"During recent weeks, approximately 1,100 applications have been filed each week for FHA mortgage insurance on loans to finance existing home properties. In the first half of the year, 21,368 American families completed arrangements for the purchase of existing homes under the FHA plan through insured mortgages totaling $93,892,210.

"Since the start of the FHA program in 1934, more than 360,000 families have used this tested method of home financing to purchase sound existing properties through insured loans totaling approximately $1,450,000,000."

Wage Increase of 5.5% Authorized In "Little Steel" Case–Five Guiding Principles Adopted

The National War Labor Board on July 16 announced in the "Little Steel" case a wage stabilization policy which is based on maintaining the purchasing power of hourly wage rates as of January, 1941. This policy, according to William H. Davis, Board Chairman, will "lead to a 'terminal' for the tragic race between wages and prices." On the basis of five guiding principles set forth in the opinion of the Board on the wage issue, written by Dr. George W. Taylor, Vice-Chairman, the Board on July 15 granted the employees of four little steel companies an increase of 5½¢ an hour, or 44¢ a day. The United Steelworkers of America, CIO, had asked an increase of 12½¢ an hour or $1 a day for the 157,000 workers involved.

In accordance with an interim order of the Board of April 24, the wage increase will be retroactive to the date of certification of each case—Feb. 6 in the case of the Bethlehem Steel Co.; Feb. 7 in the case of the Republic Steel Corp.; and Feb. 10 in the case of both the Youngstown Sheet & Tube Co. and the Inland Steel Co. The vote on the wage issue was 8 to 4, the labor members dissenting.

The Board also ordered the four steel companies to include a maintenance of membership and checkoff clause in what will be their first contract with a national steel union and granted a 24-year-old request for a guaranteed daily minimum wage. Those workers who do not desire to be bound by the maintenance of membership and checkoff provisions will have 15 days during which they can resign from the union. The employer members dissented on the union security provision and all three groups on the Board were unanimous on the daily guarantee.

The Wage Issue

Dr. George W. Taylor, Vice-Chairman of the Board, outlined the guiding principles on which the Board decided this case as follows:

"In full recognition of its grave responsibility to the nation, and for reasons later detailed in this opinion, the National War Labor Board has determined that the following guiding principles should be applied in evaluating claims for wage increases:

"(1) For the period from Jan. 1, 1941, to May, 1942, which followed a long period of relative stability, the cost of living increased by about 15%. If any group of workers averaged less than a 15% increase in hourly wage-rates during or immediately preceding or following this period, their established peace-time standards have been broken. If any group of workers averaged a 15% wage increase or more, their established peace-time standards have been preserved.

"(2) Any claim for wage adjustments for the groups whose peace-time standards have been preserved can only be considered in terms of the inequalities or of the sub-standard conditions specifically referred to in the President's message of April 27, 1942.

"(3) Those groups whose peace-time standards have been broken are entitled to have these standards reestablished as a stabilization factor.

"(4) The Board, as directed by the President in his April 27 message, will continue to 'give due consideration to inequalities and the elimination of substandards of living.'

"(5) Approximately 20 wage disputes, still pending before the Board, were certified prior to the stabilization date of April 27. The question arises in these cases whether wage-rates being paid on April 27, 1942, can or cannot be considered as 'existing rates' within the meaning of the President's message, or whether they then had the tentative character of disputed rates. Due regard must be given to any factors of equity which would be arbitrarily swept away by 'a change of rules in the middle of the game.'

"The guiding principles outlined above insure, in general, that claims for wage-rate adjustment can be considered on an equitable basis and in a manner which will further the national purpose to stabilize the cost of living."

William H. Davis, Board Chairman, in a separate concurring opinion summarizing the case as a whole, concluded his comments on the wage issue as follows:

"We are convinced that the yardsticks of wage stabilization thus applied are fair and equitable and at the same time sufficient to prevent the cost of living from spiraling upward because of wage adjustments. We think they lead to a 'terminal' for the tragic race between wages and prices.

"On this basis labor will have made its move of self-restraint in the seven-point program. If all other groups likewise do their part we may expect to get and hold for the duration of the war stability of standards, and the freedom from apprehension that goes with such stability.

"When the war is over we may expect, with our feet on the ground in a free world, to go forward together, with a renewed determination to improve the standard of living of the wage earners and, indeed, of all groups of our people."

Mr. Davis pointed out that the Board recognized that all citizens who have a decent standard of living will be called upon to surrender many things they have become accustomed to, but that this common sacrifice should come not "in wage determinations by the War Labor Board addressed to workers alone but in taxation by Congress, where all our citizens are represented, and where taxes can be so measured that the imposed reduction of income will fall equitably upon all groups according to their financial ability to contribute to the national purpose and to the preservation of the things for which we fight."

In his opinion, Dr. Taylor pointed out that the Board arrived at the 5½¢ increase by applying the guiding principles in the following fashion:

1. The steel workers had secured a wage increase of 11.8% between Jan. 1, 1941 and May 1, 1942 as compared with a 15% increase in the cost of living index during this period. Thus, they had suffered a loss of 3.2% in their peace-time standards. Therefore, Dr. Taylor pointed out, they were entitled to an hourly increase of 3.2¢ in order to reestablish their peace-time standards, since the average hourly wage rate in the steel industry is $1.

2. Since the dispute was certified to the Board more than two and one-half months prior to the President's message to Congress of April 27, outlining the National Economic Policy, the steel workers were caught by a "change of the rules in the middle of the game." Dr. Taylor pointed out that, in view of this factor and the greater cost of living change in steel towns as compared with the national average, the Board had decided that the workers in this case had an additional equity which entitled them to a further increase of 2.3¢ an hour. "There is no mathematical exactness in the fraction of a cent which is specified," he said. "The exactness fraction was supplied in order to insure a total rate practical for payroll purposes."

The dissenting opinion of the labor members on the wage issue, signed by Robert J. Watt, Thomas Kennedy, George Meany and R. J. Thomas, concluded, in part, as follows:

"The conclusion is inescapable that the majority carried on its deliberations with a fixed intention not to grant more than a token adjustment, selecting those facts which would fit that pattern and rejecting a multitude of facts and cogent arguments which call for a more substantial adjustment. Substituting rhetoric for analysis, it has gone all-out for the inflation thesis, a thesis compounded of conjectures and prophecies, fears and hysteria. It has, in effect, accepted the contention, advanced, among others, by government agencies which are not charged with the duty of adjusting wage disputes, that there shall be no substantial wage adjustments, no matter how meritorious the case may be, and no matter if that increase can be made in a manner that is concededly not inflationary. In short, the Board has acted, as the Chairman points out, on the assumption that the cost of living will now be stabilized. Obviously and incontestably, now means — at the expense of the workers. To single out the workers for such discriminatory treatment is to risk a serious blow to their morale and thereby dangerously to undermine the war effort."

In a separate concurring opinion on the wage issue, written by Roger D. Lapham and concurred in by E. J. McMillan, George H. Mead and Horace B. Horton, the employer members said that they voted with the public members on this issue with "mixed feelings." They pointed out that their proposal for no wage increase whatsoever had been voted down 8 to 4.

The Union Security Issue

In writing the opinion for the Board on the union security issue, Dr. Frank P. Graham, public member, stated that "the decision of the National War Labor Board in this case against a government enforced compulsory unionism and in favor of a voluntarily accepted binding maintenance of membership and check-off, protects both the individual freedom of the workers and the essential security of the union. . . .

"In this case the Board protects the rights of the majority and the minority, rejects the Union's demand for a union shop and compulsory check-off, and rejects the Companies' demand for no change in present union status. The Board decides in favor of the voluntarily accepted maintenance of membership and check-off of those members of the Union who are in good standing on the 15th day after this directive order, or who may thereafter voluntarily join the union. This provision is not a closed shop, is not a union shop, and is not a preferential shop. No old employee and no new employee is required to join the union to keep his job. If in the union, a member has the freedom for 15 days to get out and keep his job. If not in the union, the worker has the freedom to stay out and keep his job. This freedom to join or not to join, to stay in or get out, with foreknowledge of being bound by this clause as a condition of employment during the term of the contract, provides for both individual liberty and union security.

"This decision provides against coercion and intimidation of the worker into membership in the Union."

Dr. Graham pointed out that the checkoff provided by the Board was voluntary since any member of the union had 15 days during which time he can resign rather than be bound by the checkoff and still keep his job.

On July 17, the 125-man policy committee of the CIO-United Steel Workers of America, representing the approximately 157,000 workers of the four "Little Steel" companies, accepted the decision of the National War Labor Board increasing the hourly pay of workers 44 cents a day to a minimum of 78 cents an hour. Acceptances of the order were subsequently made by the Bethlehem, Republic, Youngstown and Inland companies. The Inland Steel Co. on July 26 reserved the right to test the union security provision in the Courts.

Growth of Auto Unions Surveyed By Fund

More than 500,000 automobile workers are now members of trade unions, and at present 100% of the industry converted to war production, has reached relatively stable labor-management relations, according to findings included in a report on the automobile industry made for the Twentieth Century Fund as part of its forthcoming survey of how collective bargaining works in 16 major industries. Advance portions of the automobile report were made public on July 27 by Evans Clark, Executive Director of the Fund. Almost the entire growth of trade union membership has taken place within the past 10 years, the announcement states, which quotes the report as saying:

"In the automobile industry, the rapid evolution of unionism has been accompanied by equally striking change in the attitudes and tactics of both management and union. Auto managers, long known for their uncompromising resistance to labor organization, are now for the most part sincerely attempting to develop working relationships with the union, while union policy, which was sharply belligerent three years ago, is now marked by a more definite acceptance of responsibility."

The automobile report was written by Dr. William H. McPherson, who is on the staff of the Committee on Social Seecurity of the Social Science Research Council, assisted by Anthony Luchek member of the staff of the Institute of Human Relations at Yale University. The authors state:

"During its first three decades the auto industry granted almost no formal recognition to unionism. Management strongly opposed labor organization, and wage earners showed little interest in it. Managers were technical experts concerned chiefly with meeting production schedules to satisfy an ever-expanding market. They paid relatively high wages to attract sufficient workers, and set their production rates high enough to get their money's worth. . . .

"Employees were apparently not too dissatisfied with a situation in which they could have no influence on employment conditions. Wages were high enough to compensate for seasonal layoffs. Since the auto centers were boom towns, the worker who lost or disliked his job had little difficulty in finding another."

From the announcement of the Twentieth Century Fund we also quote:

"This condition was rudely shattered by the depression which set in after 1929. Management was faced with a sharply declining market, and workers found jobs becoming harder and harder to get. These conditions fostered the growth of unionism, which got its first big impetus when the NRA was established in 1933. The authors trace the turbulent years of union organization up to the gradual emergence of the United Automobile Workers as the dominant union.

Surveying the field as it now confronts the UAW-CIO, the authors say:

"The union's outstanding problem of wider organization has now been almost solved by recognition in all Ford plants. This gain without a serious strike is a tribute to the influence of the National Labor Relations Act on industrial peace and evidence of the benefits accruing under the act to unions which have the patience to await its orderly procedures.

"Looking toward future developments, the report says, 'Avoidance of factional strife is a problem still facing the union. Although the chief source of internal dissension has been eliminated with the separation of the UAW into two groups, the CIO branch is so large that it still contains many divergent elements.'

"The authors say, 'Another major union problem is maintenance of the internal discipline essential to the enforcement of union responsibility,' and a third problem confronting the UAW-CIO is that of avoiding jurisdictional disputes with the UAW-AFL and other unions."

1942 Internal Revenue Collections At Record

The Treasury Department announced on July 22 that internal revenue collections in the 1942 fiscal year, which ended June 30, amounted to $13,047,094,333, the largest in history and compares with $7,370,108,378 in the 1941 fiscal year. The 1942 total was made up of $3,065,463,524 in corporation taxes; $3,239,233,436 in individual taxes; $1,647,020,052 in excess profits taxes; $1,185,369,467 in employment taxes (including carriers tax), and $3,910,007,854 in "all other" taxes. The comparative figures for the 1941 fiscal year follow, respectively, $1,851,987,991, $1,417,655,127, $164,308,967, $925,856,460, and $3,010,299,833.

The returns by States show New York in the lead with total internal revenue taxes paid in the fiscal year, 1942, of $2,563,505,078, as against $1,469,859,352 in the previous year. New York taxpayers paid the following levies in 1942: corporations, $759,330,412; individuals, $635,509,347; excess profits, $403,084,141; employment taxes, $228,103,899, and "all other" taxes, $537,477,278.

Pennsylvania was second highest in the 1942 fiscal year with a total tax yield of $1,157,210,527, compared with $637,835,831 in the previous fiscal year; Illinois was third, showing total returns of $1,088,112,376, against $609,274,380; Ohio was fourth with aggregate taxes of $923,253,163, compared with $429,938,982; Michigan ranked next in order with returns of $781,025,783, against $497,861,766 and California was sixth, showing revenue collections of $745,647,844, compared with $405,677,402.

The States with the smallest revenue returns in the 1942 fiscal year were North Dakota, with only $5,717,430, and South Dakota, with receipts of $6,285,023. This was also the case in the 1941 fiscal year when returns for these States were $2,471,746 and $3,051,205, respectively. The two next lowest were Wyoming, with $8,727,014, and New Mexico, with $8,751,236.

To Pay On Finnish 6s

Holders of 22-year 6% external loan sinking fund gold bonds due Sept. 1, 1945 of the Republic of Finland are being notified that $300,000 principal amount of these bonds have been drawn by lot for redemption at par plus accrued interest on Sept. 1, 1942. The notice states:

"The bonds will be redeemed at the head office of the fiscal agent, The National City Bank of New York, 55 Wall Street. Holders are also being notified that $124,000 principal amount of these bonds previously called for redemption have not been presented for payment. Holders may inquire at the head office of the fiscal agent if their bonds have previously been called for redemption."

AFL Head Maps Plan To Control Inflation

President William Green of the American Federation of Labor recently proposed a ten-point program for a "unified policy of inflation control" aimed at controlling wages, profits, cost of living and cost of war contracts and at fiscal control.

Calling upon President Roosevelt and Congress to reject all proposals for blanket wage freezing by legislation or decree, the AFL program proposed the establishment of a wage policy commission of labor, management and Government.

The program briefly follows according to the Associated Press:

"1. Wage adjustments through collective bargaining between labor and management, any differences to be settled by direct negotiation, conciliation and arbitration, and submission to the War Labor Board for final decision.

"2. Voluntary wage stabilization agreements, such as are now in operation in the shipbuilding and construction industries, covering more than 2,500,000 workers.

"3. A wage policy commission, consisting of an equal number of representatives of labor, management and Government, 'to coordinate and unify wage policies. * * *'

"4. Payment of wage increases in war bonds, cashable after the war.

"5. Immediate control of excessive corporate profits through taxation and integrated cost control on all Government purchasing.

"6. A program of progressive income taxation designed to prevent personal profiteering in war time, and increased contributions for an extended social security program with wider coverage which would give the mass of our wage earners a measure of economic security when war employment ends.

"7. Voluntary contribution by all citizens to the cost of winning the war by larger investment of their earnings in war bonds.

"8. Effective control of prices on consumer goods, at the retail and wholesale levels, and control of rents.

"9. Rationing of all scarce commodities to distribute them fairly among all and to prevent profiteering and hoarding.

"10. Establishment of the necessary technical service under the President."

Independent Unions To Form Federation

At a conference of independent labor unions in Chicago on July 26, plans were announced for the establishment of an international labor federation in competition with the American Federation of Labor and the Congress of Industrial Organizations. Donald F. Cameron of Milwaukee, temporary secretary of the conference, said representatives of more than a dozen independent labor unions had "decided to launch" the new federation, which would be organized at a national founding convention in Chicago Oct. 2, 3 and 4. The initial step in financing the movement, he said, would be a registration fee of 3 cents a member.

In noting this action, the Associated Press reported:

"Mr. Cameron, in a statement he said had been approved by the conference, asserted that organization of the new federation was 'decided by representatives of more than a million men and women disgusted with both the AFL and CIO.' The statement added:

" 'The purpose of the proposed third labor party is to give independent unions the numerical and financial strength necessary to take their rightful place in the organized labor movement, including representation on various governmental bodies, both State and national, and distribution of information and statistics on wages, hours and other condition of employment in various industries.'

"Mr. Cameron, who said he represented the Associated Unions of America, stated that the conference was called by Matthew Smith, national secretary of the Mechanics Educational Society of America.

"He said delegates to the conference represented 1,000,000 workers affiliated with independent unions."

Studies Chinese Supply

The Pacific War Council met with President Roosevelt at the White House on July 22 and was reported to have worked out plans for delivering supplies to the Chinese armies.

Walter Nash, New Zealand Minister, was quoted by the Associated Press as saying that "now we know what the Chinese need and how and when and where we can get the stuff in."

The Council, he said, had "worked out procedure to be followed to assure that China puts up the best fight that can be put up."

T. V. Soong, Chinese Foreign Minister, according to the same advices, said that the meeting began with an exposition by himself "of the position of the lines of fighting in China, the routes of communication, some of the problems and some of the possibilities of developing the situation in our favor."

Warns Unions Against Treasonable Action

Wayne L. Morse, a public member of the National War Labor Board, warned on July 21 that the laws against treason will be applied, if necessary, against anyone in the labor organizations who seeks to bring about war work stoppages over jurisdictional disputes. This warning was given to union representatives at a public hearing in Washington on a dispute between the American Federation of Labor's Building Trades Council and the United Electrical, Radio and Machine Workers, a CIO union, as to which had the right to paint a Dayton, Ohio, refrigerator plant, being converted to war work.

William H. Davis, Chairman of the NWLB, endorsed Mr. Morse's warning.

Chairman Davis of the Board is said to have stated that Mr. Morse's statement reflected his own views and added that the Board would not countenance a work stoppage by either group. The public interest is primary to that of any labor group, he is indicated as saying.

Later the four labor representatives on the NWLB requested Philip Murray, CIO President, and William Green, AF of L head, to set up machinery for adjustment of jurisdictional disputes, pointing out that unless this is done on a voluntary basis, the War Labor Board "must proceed to settle these matters more or less by compulsory arbitration."

Mr. Morse, who is Dean of the University of Oregon Law School, was reported in Associated Press accounts as saying:

"As we go further and further into this war it becomes clearer and clearer that we cannot permit any stoppages of work, I don't care whether they are over jurisdictional disputes or what they are over; they simply have to stop.

"And if our pleas to Mr. Green and Mr. Murray are not sufficient to get them to settle the disputes, I haven't any doubt but that the public will not only look to this board to settle them but will back us up in whatever settlements we decide.

"If we ever do get into a situation where either one of the great labor organizations, or both of them, fail to abide by the settlement of a jurisdictional dispute decreed by this board you are going to find that drastic action will be taken against any one in any labor organization that tries to bring about a stoppage of work over jurisdictional disputes, even to the application of the laws of treason, if necessary."

Finds Wages Raised To Meet Living Cost

Warning manufacturers against making wage increases which may violate the recently promulgated War Labor Board formula, as applied in the so-called "Little Steel" wage decision, the National Association of Manufacturers on July 23 revealed that more than two-thirds of the nation's manufacturing industries have already met or exceeded by wage increases the 15% upswing in living costs since January, 1941. Disclosing the results of a survey which showed that few manufacturing establishments are entitled under the WLB formula to make blanket raises in the salaries and wages of their employees, the NAM said:

"The disastrous inflationary effects of general blanket wage increases at this time can be avoided by careful adherence to the policies advocated by the War Labor Board in its recently promulgated formula for adjusting wage increases to the cost of living index. The Board specifically said that if wages have increased as much as the cost of living, 15% being the national average since Jan. 1, 1941, no further wage increase is economically sound, but would in fact be inflationary.

"This formula is not only a guide to the Labor Board itself in future cases, but the principle involved should be carefully followed by employers who seek to support the President's anti-inflation efforts. Only a relatively few industries have not already met or exceeded by wage increases the 15% upswing in prices of goods since January, 1941.

"A survey of all manufacturing industry reveals that 67.8% increased their wages over 15.7% between January, 1941, and April, 1942, the base period established by the War Labor Board in weighing the need for wage adjustments.

"Patriotic manufacturers, now studying the effect of the War Labor Board formula as it relates to their individual plants, should consider the harm to the country as a whole if they should grant wage increases which will bring on increased purchasing power above that specified by the War Labor Board, and cause breaks in the price ceilings."

The Association added that "while the tying of wages to cost of living indices will lessen war hardships, we cannot continue to expand war production and necessarily reduce the volume of civilian goods production without all of us having to cut down our living standards."

WPB Tightens Control On Long Staple Cotton

The War Production Board on July 22 placed all long staple cotton, both domestic and foreign, under tight restrictions and forbade delivery of cotton linters and hull fiber, essential raw materials used in making chemical cotton pulp for explosives and plastics, except to designated makers of chemical cotton pulp.

Under the new long staple cotton order, previously imposed restrictions on top grades of imported Egyptian cotton were tightened and American extra staple cotton was included in them.

The order provides that the top grades of long staple cotton be reserved for the following uses:

"1. Reserved cotton, either imported into or ginned within this country prior to July 27, 1942, may be used only for filling defense orders or for use in the manufacture of stitching thread. Use of such cotton in stitching thread is limited to 75% of the rate of use in 1941 for such purposes.

"2. Reserved cotton imported into this country or ginned within the United States after July 27 may be used to fill orders placed on or before Sept. 30, 1942, for physical incorporation into material or equipment to be distributed to the Army, Navy or Maritime Commission. Such cotton may also be delivered to the Board of Economic Warfare. The Commodity Credit Corporation or any corporation organized under the RFC Act.

"3. Other than that, none of the reserved cotton may be used, sold or delivered except as specifically authorized by the Director General of Operations of WPB."

The cotton reserved is used normally for high strength cotton fabircs, such as balloon cloth, airplane fabrics, typewriter ribbon tracing cloth, and for shirts, raincoats and women's wear.

Industry-Labor Group Pledges War Unity

Representatives of management and labor conferred with President Roosevelt on July 23 and pledged their joint cooperation in every possible way to win the war.

The group was composed of William P. Witherow, President National Association of Manufacturers; Eric A. Johnston, President, Chamber of Commerce of the United States; William Green President, American Federation of Labor, and Philip Murray President, Congress of Industrial Organizations.

The conferees said in a joint statement that they had gone to the White House to reaffirm jointly their "whole-hearted co-operation for uninterrupted war production, and to give a demonstration to our own country and to the whole world, of the unity of purpose and action of American management and labor." The statement said:

"We have come here this morning to express to you our joint desire to co-oprate in every possible way to win this war.

"We realize that in this critical hour, the future of our American system, comprising free management and free labor, is at stake We must win the war to preserve that system for the future.

"Having demonstrated devotion to the nation's war effort in an astounding war production record we now wish to assure you that for the hard pull to victory ahead the representatives of the four great employe-employer organizations for the first time in history have sat down together voluntarily to canvass what more we can do to win the war.

"At our initial meeting, it was agreed to call upon you, Mr. President, to reaffirm jointly our wholehearted co-operation for uninterrupted war production and to give a demonstration to our own country and to the whole world, of the unity of purpose and action of American management and labor. That is the sole reason why we are here."

Chic. Home Borrowings

Home-owner borrowings of $31,603,000 from all sources in Illinois and Wisconsin during May represented a fall-off both from April and from May, 1941, it is reported by the Federal Home Loan Bank of Chicago, but the Milwaukee County metropolitan area was an exception to the district trend. A. R. Gardner, President of the Bank, said that in contract to the 13% decrease from the previous month's borrowing for the district as a whole, this locality saw an upturn of 26% in dollar volume of home mortgages recorded. This substantial increase says the announcement gave the entire state's home mortgage volume for May an increase over April, in contrast to the fall-off shown in Illinois, the first time figures for the two states in the Chicago bank's district have gone in opposite directions since February, 1941.

732 Investment Advisers

The Securities and Exchange Commission announces that 732 investment advisers were registered under the Investment Advisers Act of 1940 as of June 30, 1942. This compares with 749 investment advisers registered at the close of August, 1941.

On U. S. Chamber's Insurance Committee

Sixteen outstanding insurance executives, representing all fields of the insurance industry, will comprise the Insurance Committee of the Chamber of Commerce of the United States for the coming year. Their names were announced on July 23 by Eric A. Johnston, Chamber President, who in giving the personnel, said:

"The Chamber of Commerce of the United States recognizes not only the tremendous contribution that all branches of the insurance industry are making to the Nation at war, but also that the institution of insurance is of the utmost importance to the continuation of the American enterprise system and all that the American enterprise system implies. The work of our Insurance Department should be particularly important in this critical war year, not alone to the insurance industry, but also to the over-all operations of the National Chamber."

The committee members are as follows:

James L. Madden, Chairman, Vice-President, Metropolitan Life Insurance Co., New York

Herman A. Behrens, Chairman of the Board, Continental Casualty Co., Chicago.

Elbert S. Brigham, President, National Life Insurance Co., Montpelier, Vt.

John L. Clarkson, Bartholomay & Clarkson, Chicago.

Marshall B. Dalton, President, Boston Manufacturers Mutual Fire Insurance Co., Boston.

Esmond Ewing, Vice-President, Travelers Fire Insurance Co., Hartford, Conn

Chester O. Fischer, Vice-President, Massachusetts Mutual Life Insurance Co., Springfield, Mass.

W. T. Grant, President, Business Men's Assurance Co., Kansas City, Mo.

Carl N. Jacobs, President, Hardware Mutual Casualty Co., Stevens Point, Wis.

William E. McKell, President, New York Casualty Co., New York

Chase M. Smith, Secretary, National Retailers Mutual Insurance Co., Chicago.

Harold V. Smith, President, The Home Insurance Co., New York.

John M. Thomas, President, National Union Fire Insurance Co., Pittsburgh.

J. H. R. Timanus, Secretary-Treasurer, Philadelphia Contributionship for the Insurance of Houses from Loss by Fire, Philadelphia.

John L Train, President, Utica Mutual Insurance Co., Utica.

William D. Winter, President, Atlantic Mutual Insurance Co., New York.

Three members of the committee, Messrs. Fischer, Jacobs and Thomas, are members of the Chamber's board of directors.

The Chamber recently announced that Paul L. Hardesty, formerly Assistant Manager, had been appointed Manager of the Chamber's Insurance Department.

Survival Of Many Small Businesses Will Be Determined Soon, Says ABA

The survival of many small businesses facing extinction because of the war will be determined during the next few months, it is asserted in the monthly Survey of Business in the August issue of the magazine "Banking," official publication of the American Bankers Association. The survey is prepared by William R. Kuhns, the magazine's editor. "Practically everything done thus far to treat the injuries of wartime business casualties has been ineffectual," the survey states. "Remedies have all been along the same line, restricted to converting non-essential industries to war production, or putting them on credit relief, or simply letting them die. During the next few months small businesses of every kind will come actually face to face with the day of reckoning about which a great deal has been said and little done. Some of the businesses, of course, are not so small." Continuing the "Survey" says:

"There is something else that might be done, however, and this alternative has not had the attention it deserves. It should be possible to do much more than has already been done toward converting these badly hurt or threatened enterprises to essential civilian production, without sacrificing critical materials and with a net gain to the war effort.

"The reason this natural step has received so little study is that the military needs have been completely our first order of business up to this time. The whole problem of civilian requirements was swept so far into the background that it disappeared from sight almost completely for a while.

"Only very recently has the output of munitions and most war goods reached a point where more attention can be given to the needs of the home front. That is why the vast potential production now facing extinction and the vast prospective shortages of civilian goods can be regarded as twin problems. The only available information on the subject indicates the existence of about 24,000 industrial plants, with a total production of around $4,000,000,000 last year, threatened by this priority blackout. Bound up closely with the fate of this group is that of thousands of retail establishments, service agencies and many entire communities.

"The saving of business whose existence is threatened by war conditions is mainly a job for each community concerned. The circumstances are different in every case and the treatment must fit the case. Nothing that has been done or is likely to be done by the Government to solve the problem can take the place of a vigorous and well-organized community effort to take care of itself.

"On the one hand there is productive capacity which last year turned out a very substantial amount of civilian goods. On the other hand there is the entire mass of civilian population in the United States to be supplied with necessities. It is hard to believe that any large number of facilities will be allowed to close down in the face of a domestic civilian market about to be deprived of things that it needs and is willing to pay for. The huge prospective shortage of civilian goods and the large potential production facing idleness should be introduced to each other."

Boehm Is USO Comptroller

Chester I. Barnard, President of the United Service Organizations, Inc., announces that William D. Boehm of the firm of W. D. Boehm & Co., accountants and auditors, has been appointed comptroller of the USO. Mr. Boehm has already assumed his duties in the national headquarters of the USO in the Empire State Building, New York City, the center for national administration of more than 800 USO clubs and units in 392 cities and towns and 11 hemisphere bases.

NAM Spurs Search For Iron And Steel Scrap

Appealing for "an additional contribution to the winning of the war beyond that we are making now," William P. Witherow, President of the National Association of Manufacturers, on July 22, called upon the Association's 8,000 member manufacturers to implement the War Production Board's search for "every ounce" of scrap iron and steel. Shortage of the vital ingredient needed for the fabrication of armor plate and other war materials has forced some furnaces to shut down. Mr. Witherow, who is President of Blaw-Knox Co., a Pittsburgh steel firm, declared, when commenting on his message to the N. A. M. membership, "we can greatly enhance the possibility of shortening the war if this scrap collection campaign is vigorously pursued by every plant in the country."

The nation-wide search for iron and steel scrap is being conducted by the American Industries Salvage Committee with the cooperation of State, local and national trade and manufacturing organizations. The formation of the committee was noted in our issue of July 23, page 287

In his message Mr. Witherow said:

"Being in the steel business, I know how very critical this scrap shortage is. In July, 1941, the steel mills had 1,315,000 tons of scrap, and the dealers had 4,228,000. Last April these stocks had dropped to 987,000 and 3,337,000 tons, respectively, a shrinkage of over 1,200,000 tons—and the trend is still downward. As a result, some furnaces are being forced to shut down and others are operating on a hand-to-mouth basis. The amount of steel we can produce and hence the tools for winning the war can be stepped up in direct proportion to the amount of scrap we can dig up."

Mr. Witherow likewise said:

"It is well recognized that the great bulk of the scrap collected necessarily must come from industrial plants. Therefore, the success or failure of this vital campaign to secure scrap metal and also rubber and other materials will depend ultimately upon the vigor of industry's cooperation."

T. M. Brennan, Secretary of the N. A. M Affiliated National Industrial Council, made known simultaneously that more than 100 State and local industrial associations are now actively engaged in helping organize local scrap salvage committees.

Mexico City Farm Talks Praised By Wickard

From the standpoint of exchanging scientific ideas and developing cooperative research along technical and scientific lines, the recently-concluded Second Inter-American Conference on Agriculture at Mexico City was a "great" meeting, according to Secretary of Agriculture Wickard, who headed the U. S. delegation. Following his return from the conference, Secretary Wickard in a radio talk at Washington on July 24 on the National Farm and Home Hour explained that the 75 delegates repreesnting 21 nations, passed 76 resolutions without a minority report or even a single dissenting vote, this, he said indicating that "there are few, if any, differences in agricultural situations or policies that cannot be resolved by free and frank discussion." Mr. Wickard also said that there was noticeable "a greater feeling of inter-American friendliness today than ever before, despite the effort of our enemies to promote dissension between the nations in this hemisphere." Saying there was a great diversity of scientific subjects discussed, the Secretary listed among these: plant culture and plant diseases, irrigation problems, soil erosion, weather forecasting, livestock care and diseases, methods of combating harmful insects, rural sociology, ownership of land and land tenure, rural credit, maintaining a fair income for rural people and disposal of surplus crops. He added that rubber production was a popular subject at the conference, the chief interest of the delegates of the rubber-growing countries being assurances about markets after the rubber is produced. As to this Secretary Wickard said:

"Again and again the delegates from those countries asked this question: Should they go ahead and develop production of natural rubber for the United States when we were planning a huge synthetic rubber program? They wondered if we would continue to produce synthetic rubber plants even though the cost of synthetic rubber was higher than tree rubber.

"Now that was the very kind of question our farmers would ask under similar circumstances. We could not, of course, give a flat answer to so complicated a question. But we did point out that the United States Government retained control of the synthetic plants with the feeling that they should not be operated behind a tariff wall that would mean high priced rubber for American consumers and at the same time would interfere with trade to our own good neighbors to the south of us."

Observing that the recent Inter-American Conference on Agriculture at Mexico City was the second such conference, Secretary Wickard stated that the first was held in Washington 12 years ago. The Third he said will be held in two years, if he said, a resolution passed at the conference is put into effect. A motion to adopt the resolution was made by Mr. Wickard because of opinion that the conferences are helpful to the United States and all the other American Republics. A previous reference to the conference appeared in our issue of July 23, page 274.

Canadian Banks To Cut Dividends

Directors of the Bank of Montreal and the Royal Bank of Canada decided on July 21 to reduce their annual dividend rates from the present 8% basis to 6% beginning next quarter. Both banks, however, declared the usual 2% dividend for the past quarter. Higher taxes were given by the institutions for reducing the dividends.

Huntley R. Drummond, President of the Bank of Montreal, explained the action as follows in a notice to shareholders:

"I feel it my duty to advise you now that, while the earnings of the bank are approximately the same, the increased taxes this year will take a larger share out of these; this will result in a smaller proportion being available for the shareholders, and your directors, therefore, have decided reluctantly, commencing with the next payment, to reduce the dividend to the rate of 6% per annum."

In the notice to the shareholders of the Royal Bank of Canada, S. G. Dobson, General Manager, stated that consideration had been given at the meeting to the increasingly difficult operating conditions brought on by the war and added:

"While the business of the bank continues very active, operating expenses are showing a steadily upward trend, and an increasing proportion of the bank's funds is being invested of necessity in government bonds yielding a relatively low rate of interest. Furthermore, the increased taxes announced in the recent Budget Speech delivered to Parliament must be taken into account. While the full impact of these heavier imposts will not be felt during the current fiscal year, it was considered impossible to overlook their significance, and their probable effect upon the amount of the bank's profits available for distribution in the immediate future.

"The directors therefore expressed their intention of reducing the dividend to 1½% at the next next declaration three months hence, thereby placing the shares of the bank on an annual dividend basis of 6%."

U. S. War Casualties

The Office of War Information announced on July 21 that the total casualties of the United States armed forces from the outbreak of hostilities to date are 44,143. The announcement, according to the Associated Press, added:

"This total includes killed, wounded and missing of Army, Navy, Marine Corps, Coast Guard and the Philippine Scouts. It does not include the heavy casualties of the Philippine Commonwealth Army which thus far are not accurately known.

"The bulk of Army casualties fall into the category of missing, and since most of these were at Battan and Corregidor in the Philippines, and in Java, they are believed to be prisoners of war. No definite report as to their status, however, has been received from the International Red Cross.

"Only 20 of the Army personnel reported as missing have officially been reported prisoners of war. The Navy reports a total of 1,022 officially confirmed prisoners of war, 301 Navy personnel and 721 Marines. No Coast Guardsmen are prisoners.

"The Army reports that of 1,413 wounded, at least 475 have fully recovered and returned to duty."

The casualties by services were listed as follows:

Army—Killed, 902; wounded, 1,413; missing, 17,452.

Philippine Scouts—Killed, 479; wounded, 754; missing, 11,000.

Navy—Killed, 3,420; wounded, 1,051; missing, 7,672.

The same advices said:

"Prisoners of war reported by the Navy were divided as follows:

"Navy — Officers, 52; enlisted men, 249.

"Marine Corps — Officers, 40; enlisted men, 681.

"Coast Guard—None.

"Total Navy prisoners of war, 1,022.

"In the First World War 8,690 officers and 224,490 enlisted men of the A. E. F. were killed or wounded. Those killed in action and those who died of their wounds totaled 50,510. In the Navy 30 officers and 326 enlisted men were killed in action, 6 officers and 52 men died of wounds and 41 officers and 416 men were lost at sea."

Home Canning Up 50%

American homemakers — numbering 21,000,000—are rallying to create an extra stockpile of home-canned food in 1942, Secretary of Agriculture Wickard said on July 22. He based his statement on answers given to a canning questionnaire sent out recently to representative families the country over by Dr. Louise Stanley, chief of the Bureau of Home Economics. With regard thereto the Secretary said:

"Judging from the results of the questionnaire, pantry shelves this year will be half again as full of home-canned fruit, vegetables, and meat as they were in the peace-time years of 1935 and 1936. This extra food will allow more of the commercially canned products to go to the men at the front and to our allies—will help 'win the war and write the peace' with food."

It is indicated that if home canners carry through their plans they will put up in 1942 a grand total of 3,887,000,000 jars of food at home. Ninety-eight per cent of all farm families will can enough to average 243 jars per family, it is stated, while it is added that 93% of the rural families not farming will put up enough to average 184 jars per family. And city families will can enough to average 41 jars per family. Dr. Stanley points out that:

"It is to be expected that farm families will do more of the canning. They are nearer the source of supply for most foods and they are able to can fruits and vegetables at their prime—when flavor is best and food value at its peak."

Sees No British Return To Gold Standard

In the House of Lords on July 22, Viscount Simon, Lord Chancellor, stated that he had heard "no whisper of any intention" on the part of Great Britain to return to the gold standard after the war. With respect to his further remarks Associated Press accounts from London on July 22 quoted him as follows:

In answer to a question the Lord Chancellor said:

"Our return to the gold standard after the last war was not a very happy one."

"He asserted that attempts to transfer vast sums—presumably in war debt payments — from one country to another as a result of war inflicted harm equally on payer and payee.

"I can say with the government's authority," he added, "that it is the determination of the government that these tragic errors shall not be repeated.

"Lord Simon said President Roosevelt made a similar statement in his fifth Lease-Lend report to Congress on June 11 when he said that 'no nation will grow rich from the war effort of its allies.'

"This statement, Lord Simon said, 'provided a firm and solid basis for cooperation with the United States in winning the peace.'"

The creation of some form of international taxation so that posterity would not be bequeathed "this enormous debt we are incurring" was suggested by Lord Perry during the debate in the House on July 22, the Associated Press indicating his remarks as follows:

"Peace is worth buying," Lord Perry asserted. "We will pay the price for it, and share it with the world, but it is only common sense and justice that the world should help pay that price. Therefore, the government should consider forthwith how that price could be capitalized in international terms. Just as we service our debt by taxation, international taxation is a perfectly feasible thing.

"If this could be accomplished and the cost of the war or a portion of it reimbursed to the victor Powers and not to the vanquished, any debt service collected by international taxation will have to be paid by the vanquished, as well as by other international participants, and we shall then succeed in collecting from the defeated Powers such reparations as they can pay and as we are prepared to accept because it will be a tax on international transactions in which they may not indulge, except to our mutual advantage."

Lord Strabolgi, it is noted, suggested the establishment of a post-war international aviation corporation to be owned and managed by the victors.

NWLB Orders Stabilization Of Wages In Nine New England Textile Plants

Chairman William H. Davis of the National War Labor Board recently (July 7) announced that the Board, by a vote of 6 to 3, the employer members dissenting, had issued an order stabilizing wages in nine New England textile plants. The Board's announcement stated:

"For the 4,000 or 5,000 workers employed at the plants, those receiving base rates of 64¢ per hour or less will receive an increase of 7¢; those receiving 65¢ will receive an increase of 6¢, and those receiving more than 65¢ will receive an increase of 5¢ per hour. The union involved, the Federation of Dyers, Finishers, Printers and Bleachers of America, CIO, had asked a flat 10¢ per hour wage increase. The companies had offered a 5¢ per hour increase.

"Dr. George W. Taylor, Vice-Chairman, who wrote the opinion for the Board in this case, pointed out that during March and April of this year wage increases of 10¢ an hour for men and 7¢ an hour for women were negotiated by this union for 13,000 workers in the metropolitan area of New York and New Jersey, and a minimum of 85¢ an hour for male employees and 62¢ an hour for female employees was established. This compares with an average hourly wage of approximately 63.5¢ in the plants involved in this case. In addition, he stated, the average hourly earnings for workers in the finishing industry as a whole amounted to 69.5¢ per hour."

"The New England group," Dr. Taylor stated, "competes mainly with the southern area, but certain of its members are in direct competition with the metropolitan area." He further said:

"There is no doubt, moreover, that the wage levels in the New England area bear a relationship to wages paid in other branches of the finishing and of the textile industry. It is evident, therefore, that significant changes in the wage rates paid in other areas of the finishing industry have a bearing upon the rates to be paid in New England under any practical program for wage stabilization.

"The War Labor Board has the responsibility for considering inequalities in wage rates as a basis for adjustments incident to the wage stabilization program. In this connection, it is important to the present case to note that previously well-established wage differentials in this industry have recently become unbalanced as a result of increases negotiated in the metropolitan area, as well as in certain New England plants not included in the present case.

" . . . In order to effect a stabilization of wages in the textile finishing industry, it is incumbent upon the War Labor Board at least substantially to narrow the wage differential between the New England and the metropolitan areas so that former relationships may, in general, be reinstituted."

On the question of price ceilings, Dr. Taylor made the following points:

"All the evidence fails to show that the wage increases recommended by the panel would inevitably require a readjustment in the prices presently set as a ceiling. It is fully recognized that several of the subject companies are presently lacking in financial ability to pay increased wages. The Board points out, however, that the ability of this industry to pay a certain stabilized wage cannot in justice be determined for all solely by reference to the situation at the highest-cost mills. It is inevitable that the wage increase ordered by the Board in this case will represent a greater burden to the higher-cost mills than to the lower cost concerns. Aside from any equities due to the employees concerned, the present determination recognizes the obvious fact that the higher-cost mills cannot possibly be helped by the provision of a sub-normal wage scale which, in these times, would serve principally to increase their labor-turnover."

As to the companies' main argument against wage increases, that their volume of business would be less than it was in 1941, Dr. Taylor remarked:

"The War Labor Board is of the conviction that a stabilized wage, to which the workers are entitled, should not be withheld solely on the assumption that the volume of business will fall off. To begin with, there is simply no sound basis for any accurate estimate respecting the volume of business that will be secured by these plants in the months to come. They are devoting an increasing percentage of their facilities to war production. Nor can the War Labor Board contemplate approving a relatively low and unstabilized wage schedule solely because the overall necessities of a war production program may result in decreased production and in a consequent increased unit cost in this industry which is normally devoted to the production of consumers' goods. Such fundamental and vital problems may have to be faced by this consumers' goods industry. The War Labor Board concludes, however, that a solution to the resulting profits difficulties of such companies is not to be found through the recognition of sub-standard or unstabilized wages. This would not only be grossly inequitable to the employees affected, but would be a highly impractical way to attempt to operate a business in these days of increasing demand for labor.

"It is concluded, therefore, that the existence of present price ceilings and the possibility of a decreased volume of business should not preclude the establishment of a stabilized wage scale in these plants."

The dissenting opinion of the employers, written by E. J. McMillan, and concurred in by Roger D. Lapham and George H. Mead, made the following points:

"1. The New England companies involved in this case are not competing in any substantial measure with those in the metropolitan area of New York.

"2. The average wage paid by the New England companies is above the average in the cotton textile industry in New England and will still compare favorably with the textile industry, even though a reasonable wage increase is given the latter's employees as a result of present negotiations.

"3. The wage comparison between these New England finishers and the whole of the industry 'is not helpful in considering this case,' because the companies in this case produce lower cost goods whereas the rest of the industry includes plants finishing goods of very much finer texture, as well as much more expensive fabrics such as woolens and worsteds.

"4. Ceiling prices established by these New England finishers for the class of goods they are now finishing do not provide for the absorption of the wage increase ordered by the Board in this case.

"5. Supporting the President's seven-point stabilization program and the effort of the President and the Congress to control the cost of living through the effective administration of the Maximum Price Regulation Order and believing that the success of this whole program will prove to be of much greater value to the working man than the granting of such wage advances as ordered by the Board in this case, we dissent from the order of the Board."

A tripartite division of the Board took the case under consideration for further information after a mediation panel presented its unanimous recommendations. The special division was composed of George W. Taylor, Vice-Chairman of the Board; E. J. McMillan, employer representative, and Robert J. Watt, employee representative.

Companies involved in the dispute were: U. S. Finishing Co., Norwich, Conn.; Lincoln Bleachery & Die Works, Lincoln, Rhode Island; Bradford Dyeing Association, Westerly, Rhode Island; Acme Finishing Company, Pawtucket, Rhode Island; Apponaug Company, Apponaug, Rhode Island; Glascow Finishing Company, Glascow, Conn.; Greenville Finishing Company, Greenville, Rhode Island; Kenyon Piece Dye Works, Kenyon, Rhode Island, and Providence Dyeing Bleaching and Calendaring Company, Providence, Rhode Island.

Ickes Fishery Coordinator

President Roosevelt on July 21 designated Secretary of the Interior Harold L. Ickes as Fishery Coordinator.

In an executive order, the President said the purpose of the new job was for "developing and assuring sustained production of aquatic food supplies essential to the conduct of the present war, and for the further purpose of coordinating the policies, plans and programs relating to the war effort that effect the fishery industries and the aquatic food supplies of the United States, its territories and possessions." The President, acting under the authority vested in him by the First War Powers Act of 1941, indicated the duties of the Fishery Coordinator as follows:

"(a) Maintain close liaison with appropriate Federal, interstate, State, and local agencies, and with fishery and allied industries, and obtain currently from them information for the use of appropriate Federal agencies relative to the conversation, production, processing, packing, transportation, marketing, and consumption of fish and other fishery products, and to the construction, procurement, conversion, substitution, replacement and repair of fishery industry facilities. To facilitate this exchange of information the head of each such Federal agency shall designate a liaison officer who shall be responsible for keeping the Office of Fishery Coordination currently informed on all plans and operations of such agency which may affect the activities enumerated above, except plans or operations of a confidential or secret nature pertaining to the prosecution of the war.

"(b) Make specific recommendations to appropriate Federal, interstate, state, and local agencies and to fishery and allied industries, for the purpose of encouraging coordination of effort and maximum utilization of their services and facilities, all with a view toward insuring an adequate and sustained production and supply to meet the requirements for fish and other fishery products as determined by appropriate Federal war agencies. To this end the Office of Fishery Coordination, with the approval of the Coordinator or Deputy Coordinator, may advise interstate, state, and local agencies regarding conservation practices of the fishery industry; advise appropriate Federal agencies with respect to the materials, equipment, and supplies required by the fishery industry; and advise the War Production Board, when and to the extent requested by the Board with respect to supply, allocation, and procurement problems of the fishery industry."

June Building Permit Valuations Down 57%

Permit valuations for June, 1942, decreased 57%, as compared with the corresponding month of 1941, Secretary of Labor Frances Perkins reported on July 25. "All classes of construction shared in the decline," she said. "The greatest decrease, 68%, was in new residential buildings." She added that "new nonresidential buildings decreased 47%, while additions, alterations, and repairs were 43% lower than during June, 1941. It should be borne in mind that building permit figures include construction within city limits only and that most of the heavy Government construction is outside the corporate limits of cities and towns."

Secretary Perkins further stated:

"June permit valuations were 28% lower than during May. The decrease consisted of a falling off of 37% in the permit valuation of new residential buildings and 27% in the valuation of new nonresidential buildings. Indicated expenditures for additions, alterations, and repairs were practically the same during June as during the preceding month.

"During the first half of 1942, permits were issued in reporting cities for buildings valued at $1,145,841,000, a decrease of 23%, as compared with the corresponding period of 1941. Permit valuations for new residential buildings for the first half of the current year amounted to $517,134,000, a loss of 31%, as compared with the first 6 months of the preceding year. Over the same period new nonresidential buildings showed a decrease of 12%, and additions, alterations, and repairs a decline of 21%."

The Labor Department's announcement added:

"Tabulations of the Bureau of Labor Statistics include contracts awarded by Federal and State Governments in addition to private and municipal construction. For June, 1942, Federal and State construction in the 2,330 reporting cities totaled $38,109,000; for May, 1942, $89,395,000, and for June, 1941, $101,194,000.

"Changes in permit valuations in the 2,330 reporting cities between June, 1942, May, 1942, and June, 1941, are summarized below:

Class of Construction—	Change from June, 1941, to June, 1942	
	All Cities	Excluding N. Y. City
New residential	—68.2%	—66.5%
New non-residential	—46.5%	—46.5%
Additions, alterations, & repairs	—42.6%	—41.7%
All construction	—56.5%	—55.6%

Class of Construction—	Change from May, 1942, to June, 1942	
	All Cities	Excluding N. Y. City
New residential	—26.8%	—20.3%
New non-residential	—26.8%	—20.3%
Additions, alterations, & repairs	— 0.1%	— 1.7%
All construction	—27.6%	—25.4%

Comparisons of permit valuations in cities reporting for the first half of 1941 and 1942 are shown in the following table:

Class of Construction—	Change from First 6 Months of 1941 to First 6 Mos. of 1942	
	All Cities	Excluding N. Y. City
New residential	—36.6%	—37.0%
New non-residential	—12.4%	— 7.3%
Additions, alterations, & repairs	— 0.1%	— 2.7%
All construction	—22.8%	—18.8%

"New housekeeping dwellings for which permits were issued in the 2,330 reporting cities in June, 1942, will provide 14,743 dwelling units, or 39% less than the 24,240 dwelling units reported in the previous month, and 63% fewer than the number provided in June, 1941. Dwelling units in publicly financed housing projects included in these totals numbered 3,456 in June, 1942; 13,038 in May, 1942, and 5,919 in June, 1941.

"Principal centers of various types of building construction for which permits were issued or contracts were awarded in June, 1942, except those awarded by the War and Navy Departments, Maritime Commission, and the Defense Plant Corporation which have been excluded because of their confidential nature, were: Bridgeport, Conn., 1-family dwellings to cost $452,000; Somerville, Mass., storage buildings to cost $555,000; Weehawken, N. J., public works to cost $576,000; Endicott, N. Y., factories to cost $2,530,000; New York City—Borough of Brooklyn, factories to cost $760,000, and a school to cost $779,000; Borough of Richmond, 2-family dwellings to cost $555,000; Melrose Park, Ill., a factory to cost $500,000; Hammond, Ind., 1-family dwellings to cost $488,000; Detroit, Mich., 1-family dwellings to cost $2,754,000, and factories to cost $1,144,000; Highland Park, Mich., factories to cost $679,000; Cincinnati, O., factories to cost $532,000; Cleveland, O., 1-family dwellings to cost $474,000; Kenosha, Wis., factories to cost $1,545,000; St. Louis, Mo., factories to cost $1,100,000; Washington, D. C., multi-family dwellings to cost $2,437,000; Baltimore, Md., factories to cost $2,090,000; Alexandria, Va., multi-family dwellings to cost $1,956,000; Arlington County, Va., multi-family dwellings to cost $2,656,000; Corpus Christi, Tex., a factory to cost $5,000,000; Los Angeles, Calif., 1-family dwellings to cost $930,000; Torrance, Calif., industrial buildings to cost $6,800,000, and San Diego, Calif., recreational facilities to cost $1,319,000.

"Contracts were awarded during June for the following publicly financed housing projects containing the indicated number of dwelling units: Massena, N. Y., $1,050,000 for 300 units; Tonawanda, N. Y., $4,229,000 for 1,200 units; Ambridge, Pa., $288,000 for 72 units; Johnstown, Pa., $389,000 for 100 units; Newark, Del., $625,000 for 150 units; Montgomery, Ala., $140,000 for 44 units; Chula Vista, Calif., $855,000 for 300 demountable units; Redlands, Calif., $160,000 for 50 units; San Diego, Calif., $2,657,000 for 955 demountable units, and Portland, Ore., $242,000 for 85 units."

To Aid Coffee Industry

The State Department announced on July 17 that because of the threatened shortage of coffee in the United States, there will be no further allocation of coffee import quotas from non-American countries after September. Associated Press accounts from Washington stated:

"The action, designed to facilitate the movement of coffee to the United States market, was taken under the Inter-American coffee agreement by which the 14 Latin-American producing countries and this country set up control of the flow of coffee to the United States.

"The agreement provides for the entry of 355,000 bags of coffee from non-signatory countries, mainly British and Netherlands Arabian and African possessions, allocated by Presidential order.

"'In order to facilitate the entry of United States coffee from non-signatory countries which are in a position to supply it, it has been decided not to allocate the non-signatory quota for the year beginning Oct. 1, 1942,' the State Department said."

The Inter-American Coffee Board recently increased quotas from signatory countries by more than 5,000,000 bags; referred to in these columns July 23, page 285.

Federal Reserve Board Reports Industrial Activity Continued To Advance In June

The Board of Governors of the Federal Reserve System reported on July 24, in its summary of general business and financial conditions in the United States, that industrial activity continued to advance during June and the first half of July. Volume of goods distributed to consumers continued substantially below a year ago and commodity prices generally showed little change.

The Board's summary continues:

Production

"Industrial output increased further in June and the Board's seasonally adjusted index rose from 174 to 177% of the 1935-39 average. Production in the machinery, transportation equipment, and other armament industries continued to advance, reflecting further progress toward meeting the requirements of the war production program. Steel production declined somewhat in June but increased to earlier high levels in the first three weeks of July. Lumber production increased seasonally in June, while in the furniture industry, where activity usually rises at this time of year, there was a decline, reflecting in part the fact that a number of plants in the industry are being converted to the manufacture of war products.

"In industries manufacturing non-durable goods, output as a whole showed little change from May to June. Textile production declined somewhat, reflecting a reduction in activity at cotton mills from earlier peak levels. Paperboard production decreased sharply further and there was also a decline in activity in the printing industry. On the other hand, output of manufactured food products increased and shoe production showed less than the customary seasonal decline.

"Mineral production continued large in June. Coal production was maintained at peak levels; output of crude petroleum showed little change, following the sharp decline that occurred during March and April. Lake shipments of iron ore in June amounted to 12,600,000 gross tons and at the month end stocks at lower Lake ports totaled 31,000,000 tons, as compared with 26,600,000 tons a year ago

"Value of construction contracts awarded, as reported by the F. W. Dodge Corp., continued to increase in June and was 57% above the previous record high month of August, 1941. The sharp rise in June reflected a continued increase in awards for public projects, which accounted for about 93% of all contracts let during the month.

Distribution

"Distribution of commodities to consumers declined somewhat further in June. Smaller sales were reported by both department stores and mail-order houses, while sales at variety stores were maintained at about the May rate. In the first half of July department store sales showed less than the customary sharp seasonal decline.

"Volume of railroad freight traffic was maintained in large volume during June and the first half of July. The number of cars loaded was below the level that prevailed a year ago, however, reflecting a sharp reduction in carloadings in less-than-carload lots as a result of orders by the Coordinator of Transportation which raised the minimum permissible weights for such loadings and thereby effected a fuller utilization of existing equipment.

Commodity Prices

"Prices of most commodities both at wholesale and retail continued to show little change from the middle of June to the middle of July. Prices of cotton, wool, and some other agricultural commodities, which had declined in the early part of June, advanced in this period.

"About twenty additional maximum price schedules were announced covering a wide variety of products and in some cases requiring price reductions. On the other hand, Federal approval was given for higher prices on various processed fruits and vegetables, textile products, petroleum products sold on the East Coast, and services supplied to consumers.

"Retail prices of uncontrolled foods advanced sharply from May to June and the Bureau of Labor Statistics price index for all foods rose 1½ points to 123% of the 1935-39 average—an increase of one-fourth since the beginning of the current advance in March, 1941.

Bank Credit

"Member banks in leading cities increased their holdings of Government securities sharply during the first half of July. Purchases included portions of increased Treasury bill issues and of the new 2% 7 to 9-year bond. This followed a substantial growth in the second quarter of the year when member banks absorbed about $3,300,000,000, or more than half of the increase in Treasury open-market issues. All classes of banks showed large increases, the largest percentage increases being in Chicago and at reserve city banks.

"Excess reserves of member banks have been at a lower level in July than in June, because of increased need for reserves arising out of deposit growth, the continued currency drain, and a large temporary increase in Treasury deposits at Reserve Banks. Substantial System open-market operations partially offset the loss of reserves from these sources. The decrease in excess reserves was concentrated in New York and Chicago, reducing excess funds in those cities to low levels. Adjusted demand deposits continued to rise at reporting banks in leading cities except in New York.

"Yields on United States Government securities and other money rates have shown little change in recent weeks."

Rubber Supply Agency Voted By Congress

Legislation creating a separate agency to direct the production of synthetic rubber from grain alcohol was completed in Congress on July 24 and sent to the White House. The bill passed the House on July 24 by a vote of 104 to 18, despite protests of the War Department and the War Production Board and predictions that President Roosevelt would veto it. The measure, which had been approved by the Senate on July 22 by a voice vote, would in effect require the government to revise its synthetic rubber program and use a larger quantity of farm and forest products as the base raw material instead of petroleum.

Those Congressmen who voted for the agency, led by the farm bloc, expressed confidence on July 26 that, if the President disapproved the project, they would have sufficient votes to override the veto.

Under the legislation, the independent agency would have sole authority over production of synthetic rubber derived from alcohol obtained from farm or forest products. The agency would be headed by a director, appointed by the President and subject to Senate confirmation, who would have power to divert critical materials to the construction of facilities for the production plants. The director would be charged with the duty of obtaining adequate supplies of rubber to meet the military and civilian needs of the country.

The synthetic rubber program now is in complete control of the War Production Board but under the bill the rubber from alcohol grain would be taken over by the new agency. Present plans of the WPB restrict the synthetic rubber program to 800,000 tons, made up as follows: 700,000 tons of Buna S, including 200,000 tons from alcohol; 20,000 tons from benzine, and the rest from petroleum.

WPB Chairman Nelson objects to the bill because it would permit a great diversion of critical materials from the munitions program and because it would split up the centralized control of the flow of materials between separate agencies. Mr. Nelson's opposition was reported in these columns July 23, page 286.

Reports that Chief Justice Harlan F. Stone was being considered by President Roosevelt to make an independent inquiry into the rubber situation brought from Mr. Stone on July 24 the statement that he had not accepted such responsibility and did not intend to. The President told his press conference that he had consulted with the Chief Justice but doubted whether he would ask him to take such an assignment. Vacationing in Franconia, N. H., Chief Justice Stone would neither affirm nor deny that the President had asked him to make a survey of the rubber question.

From its Washington bureau on July 22 the New York "Journal of Commerce" reported the opening of debate on the measure by Senator Barkley who said:

"I don't delude myself that I can defeat this bill. I take it for granted the Senate will pass it. But I want to point out the effect if both the House and Senate should pass the bill and the President should sign it."

The advices from which we quote added:

"Mr. Barkley said that, while he does not desire to have any group exercise a monopoly on rubber after the war is over, he does not think the bill should become law.

"'I think the War Production Board, RFC, Rubber Reserve Co. and other agencies have done as good a job as could be done on rubber,' Mr. Barkley said. 'I think Mr. Nelson made the only decision he could have made on synthetic rubber. Rubber from petroleum had advanced to a more tangible stage.

"'I think it would be most unwise at this stage of the war effort to divide authority among those charged with producing this essential war commodity,' he said. 'We demand unified authority and this proposal we are considering undertakes to divide that authority. Is such a step in the interest of good administration? It appears to me to be a step backward.'

"The bill, is enacted into law, Mr. Barkley said, would permit the rubber supply agency to take over production of 200,000 tons of rubber from alcohol under a program started by the War Production Board. He suggested there is no use in creating another agency to produce rubber from alcohol, when one such agency, WPB, already exists."

Builders Ask WPB For Housing Allocations

Representing the entire home building industry, officials of the two groups now merging in the new National Association of Home Builders in a recommendation to the War Production Board were said on July 25 to have asked that WPB make definite allocations of minimum amounts of critical materials essential to the immediate private construction of 200.000 war housing units in the principal defense areas of the country. It is noted that recommendations of the home building industry presented by officials chosen for the new Association, chartered in July to merge the National Home Builders Association and the Home Builders Institute of America, were discussed in a recent official conference with spokesmen for major Federal agencies dealing with war housing. The home builders urge that the same method of allocation for war housing be used as in the provision of critical materials for heavy industries engaged in armament production. If the supply is not sufficient for the 200,000 home units now authorized for private construction, a lesser number should be fixed upon.

In our issue of July 16 (page 180) the proposed union of the two organizaions was referred to, the objective being the working out of means whereby private home building may be kept alive during the par period.

Definite allocations by the Requirements Committee of WPB, the announcement July 26 from the National Association of Home Builders said would substantiate the new system of local priorities issuance recently inaugurated by the War Production Board to encourage private builders to expedite early provision of the vast volume of war housing units so vitally needed. The system would give assurance to the builder and the mortgagee that specific projects will have what is necessary for their completion. It was added:

"Appearing for the home builders, whose all-industry organization will be completed upon a vote now being taken of the local associations of HBA and members and local chapters of HBI, were Frank W. Cortright and Rufus S. Lusk, Washington representatives, and Carroll Shelton, Secretary of the new National Association of Home Builders. The meeting was arranged at the request of Joseph D. Keenan, chief of the A. F. of L. Section of WPB, who presided."

SEC Issues Report On More Listed Corporations

The Securities and Exchange Commission has made public the 20th and 21st of a new series of 1939-40 industry reports of the Survey of American Listed Corporations. Report No. 20 includes three industrial groups engaged primarily in the manufacture of printing trades machinery, special-industry machinery and construction, mining and related machinery, while Report No. 21 includes two industrial groups engaged primarily in the manufacture of paper and allied products, and the manufacture of metal and glass containers. All of the corporations in these groups had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940.

The Commission presented the following data with respect to report No. 20:

"For the printing trades machinery companies (numbering five) the combined sales amounted to $23.000,000 in 1940 as compared with $21,000,000 in 1939. Net profit after all charges totalled $700,000 in 1940 against a net loss after all charges of $400,000 in 1939. equivalent to 2.9% and 2.0% of sales respectively. Total dividends paid out by these enterprises were $500,000 in 1940 against $300,000 in 1939. The combined assets of these enterprises totalled $52,000,000 at the end of 1940 compared with $54,000,000 at the end of 1939, while surplus decreased to $18,000,000 at the end of 1940 from $19.000,000 at the end of 1939.

"For the special-industry machinery companies (comprising 19 corporations) the combined sales amounted to $130,000,000 in 1940 as compared with $136,000,000 in 1939. Net profit after all charges totalled $17,000,000 in 1940 against $15,000,000 in 1939, equivalent to 13.3% and 10.7% of sales respectively. Total dividends paid out by these enterprises amounted to $14,000,000 in each of the two years. The combined assets of these corporations totalled $216,000,000 at the end of 1940 compared with $235,000,000 at the end of 1939, while surplus decreased to $64,000,000 at the end of 1940 from $76,000,000 at the end of 1939.

"For the construction, mining and related machinery companies (11 corporations) the combined sales amounted to $127,000,000 in 1940 as compared with $106,000,000 in 1939. Net profit after all charges totalled $8,700.000 in 1940 against $7,300,000 in 1939, equivalent to 6.9% and 6.8% of sales, respectively. Total dividends paid out by these enterprises were $4,200,000 in 1940 against $3,400,000 in 1939. The combined assets of these corporations totalled $146,000,000 at the end of 1940, compared with $138,000,000 at the end of 1939, while surplus increased to $32,000,000 at the end of 1940 from $28,000,000 at the end of 1939."

With respect to Report No. 21, the SEC said:

"Forty corporations engaged primarily in the manufacture of paper and allied products are contained in this industry group. One of these corporations, International Paper and Power Co., is the parent of International Paper Co., which in turn is the parent of Southern Kraft Corp. Both of these subsidiaries are consolidated in the statements of their respective parents, and to avoid duplication, their figures are not included in the combined totals. Data for three other corporations are also omitted from the combined totals because their data were not available in both years. Combined totals, therefore, represent 35 enterprises. For these 35 enterprises combined sales amounted to $605,000.000 in 1940 as compared with $498,000,000 in 1939. Net profits after all charges totalled $56,000,000 in 1940 against $29,000,000 in 1939, equivalent to 9.2% and 5.7% of sales, respectively. Total dividends paid out by these corporations were $28,000,000 in 1940 against $15,000,000 in 1939. The combined assets of the group totalled $800,000,000 at the end of 1940 compared with $767,000,000 at the end of 1939, while surplus increased from $124,000,000 at the end of 1939 to $150,000,000 at the end of 1940.

"For the 10 corporations manufacturing metal and glass containers the combined sales amounted to $505,000,000 in 1940 as compared with $472,000,000 in 1939. Net profit after all charges totalled $41,000,000 in 1940 against $43.000,000 in 1939, equivalent to 8.2% and 9.1% of sales, respectively. Total dividends paid out by these corporations were $29,000,000 in each of the years. The combined assets of the group totalled $537,000,000 at the end of 1940 compared with $527,000,000 at the end of 1939, while surplus decreased from $161,000.000 at the end of 1939 to $151,000,000 at the end of 1940."

Money In Circulation

The Treasury Department in Washington has issued the customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve banks and agents. The figures this time are for June 30, 1942, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $12,382,866,206. as against $12,073,980.785 on May 31, 1942, and $9,612,375,332 on June 30. 1941, and comparing with $5.698.214.612 on Oct. 31, 1920. Just before the outbreak of the World War. that is, on June 30. 1914, the total was only $3,459,434,174.

Sees Nation Forced Closer To Inflation

The Chamber of Commerce of the State of New York made public on July 23 an interim report of its Executive Committee warning that the nation is daily being "forced closer and closer toward an inflation which would dislocate our whole economy and be disastrous to our war effort." Urging rigid enforcement of President Roosevelt's seven-point anti-inflation program and calling upon the President and Congress to promptly take such steps as are necessary to this end, a resolution accompanying the report declared:

"Resolved, That it is our considered judgment that any citizen or group whose demands or actions contribute toward an inflation now is rendering material aid to our enemies. Immediate action is imperative. Drastic steps must be taken at once to make effective the program outlined by the President."

Frederick E. Hasler, President of the Chamber, regarded the inflation situation as so critical that a special meeting of the Executive Committee was held on July 22 to discuss it. The members of the committee of which H. Boardman Spalding is Chairman, include some of the country's leading bankers, insurance executives and industrialists. The committee reported that while the general level of prices and the cost of living had showed little change in the three months which had elapsed since the President's program was announced, there was imminent danger of inflation controls getting out of hand. The report said:

"Recent events have set inflationary forces in motion which seriously threaten the stability of both these indexes and the undermining of the whole anti-inflation program."

Referring to the recent decision of the National War Labor Board in the "Little Steel" case which granted a 44 cents-a-day increase to 157,000 workers to compensate them for a 15% advance in the cost of living between January 1, 1941, and May 1, 1942, the report said:

"No such standard as the Board has adopted can be a stabilizing factor. Its effect is bound to be very inflationary. Broadly interpreted, this means that organized workers in the United States are entitled to greatly increased incomes, while the incomes of the rest of the population remain static or decline."

The report stated that "the motive power which is generating inflation is the huge public spending of borrowed money." It said that a national retail sales tax would be effective in removing part of the excess purchasing power, as would increased taxes and compulsory saving. The report added:

"The proposed new tax bill imposes higher taxes, but they fall on production more heavily than on consumption with the result that most of the increased incomes of millions of workers in war industries are only slightly touched."

The report further said:

"In the case of farm products, the limiting of the Office of Price Administration to price ceilings of 110% of parity seriously impairs the efforts of that office to hold down price inflation. Earlier this month the Administration won a limited victory in its fight on inflation when the farm bloc in the House, after a deadlock of two months, followed the lead of the Senate and agreed to the release for livestock feeding of 125 million bushels of Government-owned surplus wheat at 85% of the parity price of corn, or at about 83 cents per bushel.

"In the meantime, however, the Senate passed a bill requiring the Government to make loans on the six major crops at 100% of parity. The effect of this measure, if it became a law, would be to force up all crop prices. In the case of wheat it would mean a Government loan of about 38 cents a bushel over the June price to the farmer. The bill has been approved by the House Agricultural Committee and is reported to have the active support of the Secretary of Agriculture.

"If enacted, this bill would not only undo all the benefits derived from the limited sales of wheat at a below-parity price, but would have the effect of forcing up all market prices for the six major crops. In the case of wheat it would amount to about 38 cents a bushel over the June average price to the farmer."

In conclusion the report stated:

"While the Government has taken a firm stand in regard to prices except those of farm products, the holding down of prices at the same time that excess purchasing power is allowed to accumulate only speeds the day when scarcities of goods must occur. As ceilings are fixed for prices of civilian goods, there must be ceilings for wages too in order to keep the anti-inflation program under control."

NYSE Revises Minimum Capital Requirements

Members of the New York Stock Exchange were advised on July 22 that the minimum capital requirements of the Exchange have been revised, effective immediately, to make special provision for obligations or preferred stock called for redemption and for securities which have a high rating but which are not the subject of primary distributions. The effect of the change, it was explained in a circular sent out by Edward C. Gray, Director of the Department of Member Firms, "is to broaden the basis upon which members may request permission to treat securities upon a better basis than 70% of their market value in computing firm capital." In his advices Mr. Gray further says:

The first paragraph of Footnote (a) on page E-238 of the Directory and Guide has been amended by the addition of the following sentence:

"In the case of obligations or preferred stock which the issuer has officially declared will be redeemed within 30 days, the full market value or the cash redemption value, whichever is lower, may be included."

The second paragraph of Footnote (a) has been amended by the substitution of the following for the present clauses (i) and (ii):

"In the case of securities coming within the scope of any of the following clauses the Department of Member Firms will consider a written application for permission to treat such securities on a better basis than 70% of the market value thereof:

"(i) obligations or preferred stocks which are to be redeemed for cash within 90 days but not within 30 days;

"(ii) Interest bearing obligations (other than obligations having a conversion or exchange feature) and serial equipment trust certificates covered by the first four ratings by any of the nationally known statistical services, or such interest bearing obligations and certificates which are to be the subject of a primary distribution but for which a published rating is not yet available."

Details regarding the information required to be submitted to the Department of Member Firms when applying for special capital treatment may be found on page E-247 of the Directory and Guide.

Commission Urged To Aid NY Businessmen

The appointment of a special commission of New York City businessmen and citizens to plan a basic program, not only to meet the unemployment situation caused by the present emergency, but for the future business growth and security of the city, was urged on July 18 by Percy C. Magnus, President of the New York Board of Trade.

In a letter to Mayor F. H. La Guardia, Mr Magnus said that the estimate of 400,000 unemployed has "profoundly shocked" businessmen of New York City and constitutes "a staggering record when other cities face labor shortages, over-crowding in real estate markets, while the Government is threatening to penalize employers for attracting employees from other industries." Mr. Magnus warns that the Government's suggestion that many people will have to move to other cities "may spell tragedy for the city" in that it would be disastrous to the real estate market. Mr. Magnus also states in part:

"For years businessmen have appealed to public officials, both municipal and State, asking for relief from unnecessary burdens. But their appeals fell on deaf ears. One industry after another was forced out of the city because of taxes, and because of high labor costs. Those who warned were subjected to abuse.

"Real estate was saddled with a backbreaking burden to carry on the cost of an expanding municipal government. Occupancy taxes were imposed for housing. Sales taxes yielded money for the unemployed. We spent for magnificent parks and boulevards, and fine public buildings, and an all record high of public employees. Yet we are facing possible ruin."

While observing that war conditions only brought the city's basic problems to a head, Mr. Magnus calls for direction of attention to the "real causes that underlie our economic plight" and adds:

"If taxes are lowered, if encouragement is offered to business to establish in New York City, business may be attracted to return, and give employment to some of these half-million who now need jobs We should not be compelled to ask the Federal Government to subsidize our lack of foresight and foolish mistakes.

"Let's get business here and maintain it. Let us endeavor to restore for New York its rightful place as the 'World's Greatest Workshop.' Let us get a little closer to the more reliable and proven principles that good business means jobs, that jobs mean payrolls, and payrolls mean prosperity for our citizens."

ABA Issues Bulletin On War Damage Insurance

Coinsurance provisions of the War Damage Corporation insurance policy as they affect the insurance of bank property, and the mortgage investments of banks, are among the war damage insurance questions discussed in the issue of the "Protective Bulletin" of the Insurance and Protective Department of the American Bankers Association, mailed to ABA members on July 23.

Using the question and answer method, the "Protective Bulletin" raises and answers nine questions of special interest to banks. These deal with the insurance of bank-owned buildings, other buildings owned or held in trust estates, mortgaged property, chattels and other collateral, money and securities, and the responsibility of banks as depositaries for fire insurance companies acting as fiduciary agents of the War Damage Corporation.

Hull Vows We Shall Press On To Victory

In a nation-wide radio address on the international situation, broadcast from Washington, Secretary of State Cordell Hull, on July 23, declared that winning the war will require the people "to sacrifice time and substance and life itself to an extent unprecedented in past history," but "however long the road we shall press on to the final victory."

Saying the United States and the other United Nations are now engaged in a "life and death struggle" for the preservation of human freedom, Secretary Hull asserted that there is a united determination "to destroy the world-wide forces of ruthless conquest and brutal enslavement."

Discussing the post-war world the Secretary said that "it is plain that some international agency must be created which can—by force, if necessary—keep the peace among nations in the future." The creation of such mechanisms to insure peace, he added, must include "eventual adjustment of national armaments in such a manner that the rule of law cannot be successfully challenged and that the burden of armaments may be reduced to a minimum."

Mr. Hull further called for an "international court of justice" for the settlement of disputes by peaceful means and for close surveillance over aggressor nations until such time as they demonstrate "their willingness and ability to live at peace with other nations."

He added that extreme nationalism must be excluded in favor of international cooperation. On this question of limitations on economic activity, the Secretary declared:

"Excessive trade barriers of the many different kinds must be reduced, and practices which impose injuries on others and divert trade from its natural economic course must be avoided. Equally plain is the need for making national currencies once more freely exchangeable for each other at stable rates of exchange; for a system of financial relations so devised that materials can be produced and ways may be found of moving them where there are markets created by human need; for machinery through which capital may—for the development of the world's resources and for the stabilization of economic activity—move on equitable terms from financially stronger to financially weaker countries. , There may be need for some special trade arrangement and for international agreements to handle difficult surplus problems and to meet situations in special areas."

Secretary Hull further asserted:

"Building for the future in the economic sphere thus means that each nation must give substance and reality to programs of social and economic progress by augmenting production and using the greater output for the increase of general welfare, but not permitting it to be diverted or checked by special interests, private or public. It also means that each nation must play its full part in a system of world relations designed to facilitate the production and movement of goods in response to human needs.

"With peace among nations reasonably assured, with political stability established, with economic shackles removed, a vast fund of resources will be released in each nation to meet the needs of progress, to make possible for all of its citizens an advancement toward higher living standards, to invigorate the constructive force of initiative and enterprise. The nations of the world will then be able to go forward in the manner of their own choosing in all avenues of human betterment more completely than they ever have been able to do in the past. They will do so through their own efforts and with complete self-respect. Continuous self-development of nations and individuals in a framework of effective cooperation with others is the sound and logical road to the higher standards of life which we all crave and seek.

"No nation will find this easy. Neither victory nor any form of post-war settlement will of itself create a millennium. Rather, we shall be offered an opportunity to eliminate vast obstacles and wastes; to make available additional means of advancing national and international standards; to create new facilities whereby the natural resources of the earth and the products of human hands and brains can be more effectively utilized for the promotion of human welfare."

Pointing out that this country is fighting "because we have been attacked," Mr. Hull stated that "we are forced to fight because we ignored the simple but fundamental fact that the price of peace and of the preservation of right and freedom among nations is the acceptance of international responsibilities."

In an appeal to the neutral nations, the Secretary warned that "in the plans of the new tyrants of the East and the West, there is no freedom or hope for anyone," citing conditions in Axis occupied countries. He added that "there is no surer way for men and for nations to show themselves worthy of liberty than to fight for its preservation, in any way that is open to them, against those who would destroy it for all."

Mr. Hull also emphasized that all peoples "who are prepared and willing to accept the responsibilities of liberty are entitled to its enjoyment."

Secretary Hull's address, which was also short-waved throughout the world, had the endorsement of President Roosevelt who, it is said, surveyed the talk prior to its delivery.

June Lend-Lease Aid At New Monthly High

Lend-lease aid furnished in June to the United Nations, and other countries eligible under the Lend-Lease Act, amounted to $708,000,000, according to a report to President Roosevelt prepared by Edward R. Stettinius, Jr., Lend-Lease Administrator. The official announcement in the matter stated that the report showed:

"1. Amount of lend-lease aid furnished in June to the United Nations, and other countries eligible under the Lend-Lease Act, was $708,000,000. This is the highest monthly total in the 16 months of lend-lease operations. Aid in May was $662,000,000.

"2. Total lend-lease aid from the beginning of the program, March 11, 1941, to June 30, 1942, was $5,205,000,000. Of this total 59% was goods transferred, 24% articles in process, and 17% various services performed here and abroad."

Administrator Stettinius arrived in London on July 16 for a study of the workings of the lend-lease program in Britain. He is expected to remain several weeks.

U. S. Gives Uruguay Credit

The extension of a $12,000,000 credit to Uruguay for the construction of a hydro-electric plant at Rio Negra Dam, about 150 miles from Montevideo, was announced on July 22 by Warren Lee Pierson, President of the Export-Import Bank of Washington.

Contract for the credit was signed at the Export-Import Bank by Mr. Pierson and Juan Carlos Blanco, Uruguayan Ambassador.

End Of Special Tax Privileges Urged

(Continued from page 369)

of tax-free interest from State and municipal securities. Then exemption of interest on State and local securities is a serious breach in our system of taxing according to ability to pay. For example, in the case of one individual, out of a total reported income of approximately $975,000, over $668,000 came from State and local securities. If the Bill as it passed the House should become law, this individual would pay only $243,000; if, on the other hand, your Committee would adopt my suggestion and remove this pre-Pearl Harbor exemption, he would pay $832,000. Let me put the illustration another way. If this exemption is retained he would have $732,000 left after taxes; if it is abolished, he would have $143,000 left.

"The glaring unfairness of this exemption may be seen in another way. Under the tax rates in the House Bill, a person with a surtax income of $100,000 from other sources who holds a 3% tax exempt security receives as much net return after taxes as from a taxable security yielding 20%. The existence of this special privilege for all holders of tax-free securities costs the Government and the people of the United States, under the House rates of tax, about $200 million a year; and it will cost still more as our wartime taxes tempt more and more wealthy individuals to shift their investments into the hide-out of tax exempt securities.

"How can we expect to obtain an all-out war effort from all our people if we go on permitting a group of individuals and corporations owning $14 billion of State and local securities to go tax free on the income from these securities? We are asking our young men to give their lives for their country, and at the same time we are allowing many wealthy persons, safe behind the lines, to escape their fair share of the war's financial burden. At a time when we are straining our energies to the utmost to defeat a powerful and ruthless foe, common decency requires that we abolish these special tax shelters, and do it now.

"Another highly privileged group having large amounts of income exempt from income tax are the owners of oil wells and mines. I refer to those provisions of the law dealing with percentage depletion. Percentage depletion is a serious breach in our system of taxation according to ability to pay.

"I cannot believe that the taxpayers of America would knowingly sanction a provision of the law which allows owners of oil and gas wells to deduct from their income 27½% of their gross receipts from such wells—not for one year, two years, or the period necessary to return investment, but for an unlimited period. For example, a leading oil company owned a number of oil properties which had cost it $3 million. At the time the case was examined percentage depletion of $3.6 million had already been allowed and the properties still had three-fourths of the oil left.

"Certainly we cannot justify this exemption on the ground that it encourages exploration and drilling for oil. There is grave doubt that it has a substantial effect on oil discovery. It would have cost the Federal Government about one-third as much to have paid all the cost of every wild-cat well that was drilled in 1941 as to have allowed percentage depletion and the associated intangible drilling expenses. The annual cost of these allowances under the proposed rates would be about $200 million.

"The privilege of filing separate income tax returns furnishes another example of special tax advantage to many married couples having larger than ordinary incomes. In families in which the income is earned partly by the husband and partly by the wife and in families in which income earning property can be divided between husband and wife, the tax on the family income is less than where the husband or wife receives the whole income. The family is the true economic unit, and it is unfair for the amount of tax on the family to vary depending upon who earns the income or upon who in the family has income producing property. Ability to pay taxes must be judged in terms of family incomes and not the incomes of members of the family. The failure to require joint income tax returns constitutes a violation of the fundamental principle upon which our tax system has been based.

"The adoption of mandatory joint returns would also eliminate another discrimination prevailing under existing law. Married couples living in the eight so-called community property States receive tax advantages which are in no way commensurate with any special relationship that may exist between husbands and wives in those States. For example, take a family in which the husband has a salary of $10,000 after deductions. If the family has its residence in, say, California, and filed community property returns, the family tax would be $1,788, while if the family lives in, say, Iowa, the tax would be $2,152, or over 20% more. The discrimination is even more pronounced with larger incomes. In this national emergency, how can we complacently permit the citizens of these community property States a more favorable tax status than those of the rest of the country?

"These examples of special privileges are intolerable at a time like this, when we are imposing heavy taxes on persons with small incomes and there is pressure for limiting wages and farm prices. The country is in greater danger today than ever before in its history. The war is now in its most critical phase, and only by pulling together as a united people can we make the effort that will turn the tide toward victory. At such a time any special privilege for any group not only deprives the Treasury of revenue that is badly needed for the war effort, but it hinders the war effort by undermining the morale without which the war cannot be won."

The excess profits provisions of the House bill likewise were critized by Mr. Morgenthau; as indicated in our issue of July 23 (page 281), the House accepted on July 20 the proposal of its Ways and Means Committee to increase the excess profits tax from 87½% to 90%, but the committee's further proposal to lower the combined normal and surtax rate on corporations from 45% to 40% was rejected by the House. In his strictures as to the House excess profits provisions Secretary Morgenthau said:

Excess Profits Tax

"Another similar hindrance to the prosecution of this 'people's war' is the existence of excessive profits in wartime. There is no easier way to stir up the righteous anger of the American people than to let them hear constantly of excessive wartime profits that are not being recovered by adequate taxation. I have said repeatedly that we are determined to take the profit out of war, and the Treasury's recommendations have been framed with this determination in mind.

"An effective excess profits tax does much more than produce badly needed revenue in time of war. It also reassures the masses of our farmers and factory workers that industry is not being rewarded unduly for its part in the winning of the war.

"I do not believe that any patriotic American needs the 'incentive' of profits to produce for war at this time. Millions of our people are willing to pay new and genuinely burdensome taxes, to buy War Bonds without stint, and to do without many of the accustomed luxuries and even conveniences of daily life. Their only 'incentive' is their firm resolve to win this war and build a better future.

"Experience has shown, however, that when excess profits taxes are too high they may result in extravagance and waste in the conduct of business. It is vitally important that we stimulate business to produce for war purposes as economically and efficiently as possible, if for no other reason than to avoid a waste of war materials and labor and to hold down the cost of the war to the Government. Moreover, a post-war credit to industry will help toward the rebuilding of our economic life. For these reasons we have recommended a 90% excess profits tax coupled with a 10% credit for return to the corporation after the war. The credit should, of course, be restricted in such a manner that it would be used for the direct employment of labor, the conversion of plant to peacetime business or for other uses promoting economic adjustment and growth."

In taking exception to the tax on freight and express, Secretary Morgenthau said:

Tax on Freight and Express

"One tax that would be imposed by the bill before you directly threatens the stability of prices. This is the tax on freight and express which would add to the cost of producing and supplying practically every commodity and service. In great numbers of cases the added cost would make it impossible for businesses to continue to operate under the price ceilings which have been imposed and the breaches in the price ceilings which would thereby be caused would threaten the whole price structure."

At the start of his statement before the Senate Committee, Mr. Morgenthau said:

"You will recall that in his Budget Message of January 5th, President Roosevelt asked for additional taxes for the fiscal year, 1943, exclusive of Social Security taxes, of $7,000,000,000. On March 3rd, I appeared before the Committee on Ways and Means of the House and presented recommendations for a tax program to produce $7,600,000,000 in additional annual revenue from taxes. On May 6th I wrote a letter to the Chairman of the Committee on Ways and Means recommending a reduction in personal income tax exemptions to produce approximately $1,100,000,000 more revenue. These two recommendations together involved a tax program of $8,700,000,000 of additional revenue. These amounts represented what I believed, and still believe, was the very least that the American people could afford to provide."

Mr. Morgenthau went on to say that "it is only against the background of our war expenditures that we can tell whether the Revenue Bill before you will fulfill its purpose. We are now spending $150,000,000 a day, or almost $5,000,000,000 a month. In the fiscal year that is beginning we expect to spend the almost inconceivable sum of $77,000,000,000 to win this war for human freedom." Continuing he said:

"There can be no compromise with these war expenditures. We would not reduce them if we could. Our whole effort must be to translate our spending as fast and as effectively as possible in the actual production and use of our war materials. If our expenditures this year reach $77,000,000,000, our receipts in revenue from the people must bear some reasonable relationship to that colossal figure. If the House Bill were to become law it would be necessary to borrow from the public during this fiscal year about $53,000,000,000. To the extent that we enlist our current income in taxes to cut down this borrowing, we shall be protecting the future economic soundness of our country and our free institutions. To the extent that we fail, we shall be endangering the survival of all that we are fighting to preserve."

According to advices to the New York "Journal of Commerce" from its Washington bureau July 23, it was developed by the testimony of the Treasury staff and questions by the Senators on July 23 that of the total borrowing of $53,000,000,000 which would be necessary for the Federal Government, $12,000,000,000 could be raised from sales of war savings bonds, $2,000,000,000 from insurance companies, $1,000,000,000 from savings banks, and about $10,000,000,000 from corporations.

From the "Journal of Commerce" advices we also quote:

"Senator Taft (Rep., Ohio) pointed out that even if banks are required to purchase only $24,000,000,000 of Federal securities in the fiscal year 1943, their holdings of these securities would be doubled.

"This," he added, 'is highly inflationary and would nullify everything Price Administrator Henderson has done to prevent inflation.'

"Senator Vandenburg interrupted to declare: 'If inflation comes, the responsibility will rest with the Treasury for its failure to develop a sound borrowing program.'

"Both Senators Vandenburg and Taft made it clear during the hearing that they favored a sales tax to raise additional revenue rather than to seek additional taxes from present sources.

"The two Republican Senators also declared opposition not only to increased normal and surtax rates for corporations but also to the 45% rate in the House Bill.

"Considerable interest was also manifested by the Senators for enforced savings plans. Senator Taft requested the Treasury to prepare tables showing the income brackets from which the increased individual income taxes will come under the Treasury's program.

"On the subject of individual income taxes, Treasury officials said they still favored their program under which individual income tax exemptions would be $1,200 for married persons, $600 for unmarried persons and $300 for each dependent child.

"Treasury Tax Advisor Randolph Paul disclosed to the Senators that the Treasury is presently engaged in plans for debt relief for corporations but that no formula had been worked out which was free from inequities. Mr. Paul agreed with Chairman George of the Senate Committee that the entire problem of debt relief for corporations could be simplified by a post-war credit plan.

"It was also indicated during the hearings that there may be some modification of the House-approved provision which would require that corporations on a fiscal year basis must meet 1942 income tax rates on the portion of their income which is earned during the 1942 calendar year.

"In response to inquiries from Senators, Colin F. Stam, counsel for the Joint Committee on Taxation, said that the House provision was adopted in order to prevent corporations on a fiscal year basis from obtaining an advantage over corporations on a calendar year basis."

Washington advices to the "Wall Street Journal" of July 23 stated that Mr. Morgenthau gave the committee the following comparison of the tax increases proposed by the Treasury and those carried in the House-approved bill on which the Finance Committee is basing its hearings:

Source:	Treasury Program	House Bill
Individual income	$3,228.0	$2,872.3
Corporation income....	3,347.7	2,589.2
Estates and gifts....	309.0	†7.1
Excises	1,253	816.8
Special privileges‡....	601.6	....
Total	8,739.9	6,271.2

†Net loss. ‡Mandatory joint returns, taxation of interest on outstanding and future issues of State and local securities, elimination of percentage depletion.

From Washington

(Continued from page 369)

are willing to make any sacrifice, we people are, but we look to our leadership, our omniscient leadership, to tell us what to do. Then, why should the question of whether we should let the Army have Ginsburg and thereupon incur inflation, be put up to us? Let the leadership determine it.

But we've gotten away from Joe. You are going to hear much of his making good in the "interesting" work which is being performed in Washington these days. Joe was given a publicity set-up sometime ago, and ever since then he has been appearing more and more in the headlines which is the Washington measure of success. Ever since he got this publicity set-up, Joe has been issuing "dire warnings" and threatening to "take over" something almost daily. That's good going, as those of us on the Washington scene know. Things run in grooves and any fellow around here who would come out with a statement some day, written by his publicity man, saying he was going to **give** the people something, would be looked upon as a fool and much mockery would be made of him.

Joe, as the head of the Transportation set-up, has been uttering, through his publicity man, for sometime, about taking over something. Here recently, he is afraid that he might have to take over the country's locomotives. Before that, he didn't know how many people he would be prepared to let ride on the trains. Joe has been taking over a lot of buses and pulling up a lot of rails, too, while nobody paid any attention to him.

Out in Nebraska, the C. & N. W. had a 100-mile line which it had long wanted to abandon. The ICC, of which Joe, in his other right, is the head, ruled that the road could abandon this line. The Nebraska Utilities Commission intervened and the matter has been in litigation for sometime. Now, Joe comes along in his new capacity, and says to hell with the red tape of court procedure, and he takes over the line and takes up the steel.

Of course, these are war time measures, and we've all got to put our shoulders to the wheel to defeat Hitler (and secondarily and also, Hirohito), but the fact remains that Joe has nourished these ambitions for a long time. When the New Deal first came in and all one could hear of was NRA and AAA, Joe thought he would take a splurge. He began going around the country saying that he "doubted"—and he "hoped" it would not be necessary for the Government to take over the railroads. Joe made speeches every night to this effect. Well, there was unquestionably a revolution on in those days, but finally some of the Washington correspondents wondered why Joe kept talking this way. There had been no suggestion that the railroads were to be taken over. Inasmuch as the railroads were not in controversy, as were the bankers and others, the question naturally arose as to whether Joe wasn't trying to suggest the very thing he kept saying he hopes there would be no need of doing.

Some of the correspondents began writing to this effect and the result was that Joe quit making speeches and retired to his job. But he's out there again, men—he hopes he won't have to make all of us walk from town to town and city to city—but he might. Well, you can rely upon Joe to do the right thing.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings *				Corporate by Groups *		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
July 28	118.16	106.92	116.61	113.31	108.16	91.77	95.92	111.44	114.27
27	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.44	114.27
25	118.22	106.92	116.61	113.31	108.16	91.77	95.92	111.62	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
23	118.23	106.74	116.41	113.31	108.16	91.77	95.92	111.62	114.27
22	118.23	106.74	116.41	113.31	108.16	91.62	95.77	111.62	114.27
21	118.23	106.74	116.41	113.12	108.16	91.77	95.77	111.44	114.27
20	118.22	106.74	116.41	113.12	108.16	91.62	95.77	111.44	114.27
18	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
16	118.27	106.74	116.41	113.12	107.98	91.77	95.77	111.44	114.27
15	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
14	118.19	106.74	116.41	113.31	107.98	91.62	95.77	111.44	114.27
13	118.28	106.74	116.41	113.31	107.98	91.62	95.77	111.44	114.27
11	118.26	106.74	116.41	113.50	107.98	91.62	95.77	111.25	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
9	118.31	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.08
8	118.25	106.56	116.41	113.31	107.80	91.48	95.77	111.25	114.08
7	118.22	106.56	116.41	113.12	107.80	91.77	95.77	111.25	114.08
6	118.05	106.56	116.22	113.12	107.98	91.48	95.77	111.25	113.89
4			Exchange Closed						
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
2	118.12	106.56	116.41	113.12	107.98	91.19	95.62	111.07	114.08
1	118.18	106.39	116.41	112.93	107.80	91.19	95.62	111.07	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
19	118.33	106.39	116.22	112.93	107.62	91.19	95.47	110.88	113.89
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
17	118.08	106.92	116.41	113.70	107.62	92.20	96.85	110.88	113.89
10	118.06	106.92	116.41	113.89	107.62	92.35	97.16	110.70	114.08
2	118.10	106.92	116.22	113.70	107.62	92.20	97,00	110.52	114.08
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	106.92	116.61	114.08	108.16	92.50	97.47	111.62	114.27
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago July 28, 1941	119.52	107.80	118.20	115.04	108.52	92.06	97.47	112.00	115.04
2 Years ago July 27, 1940	115.57	103.13	115.63	112.93	103.13	84.94	91.77	108.70	110.34

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
		Aaa	Aa	A	Baa	R. R.	P U.	Indus
July 28	3.34	2.82	2.99	3.27	4.29	4.01	3.09	2.94
27	3.35	2.82	2.99	3.28	4.29	4.01	3.09	2.94
25	3.34	2.82	2.99	3.27	4.29	4.01	3.08	2.94
24	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
23	3.35	2.83	2.99	3.27	4.29	4.01	3.08	2.94
22	3.35	2.83	2.99	3.27	4.30	4.02	3.08	2.94
21	3.35	2.83	3.00	3.27	4.29	4.02	3.09	2.94
20	3.35	2.83	3.00	3.27	4.30	4.02	3.09	2.94
18	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
17	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
16	3.35	2.83	3.00	3.28	4.29	4.02	3.09	2.94
15	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
14	3.35	2.83	2.99	3.28	4.30	4.02	3.09	2.94
13	3.35	2.83	2.99	3.28	4.30	4.02	3.09	2.94
11	3.35	2.83	2.98	3.28	4.30	4.02	3.10	2.94
10	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
9	3.35	2.83	3.00	3.28	4.30	4.03	3.09	2.95
8	3.36	2.83	2.99	3.29	4.31	4.02	3.10	2.95
7	3.36	2.83	3.00	3.29	4.31	4.02	3.10	2.95
6	3.36	2.84	3.00	3.28	4.31	4.02	3.10	2.96
4			Exchange Closed					
3	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
2	3.36	2.83	3.00	3.28	4.33	4.03	3.11	2.95
1	3.37	2.83	3.01	3.29	4.33	4.03	3.11	2.96
June 26	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
17	3.34	2.83	2.97	3.30	4.26	3.95	3.12	2.96
10	3.34	2.83	2.96	3.30	4.25	3.93	3.13	2.95
2	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.95
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	3.34	2.82	2.95	3.27	4.24	3.91	3.09	2.94
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago July 28, 1941	3.29	2.74	2.90	3.25	4.27	3.91	3.06	2.90
2 Years ago July 27, 1940	3.56	2.87	3.01	3.56	4.79	4.29	3.24	3.15

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Quota System To Aid War Steel Output— Overdue Repairs Again Soften Operating Rate

"Application of War Production Board's quota system for each steel product and for each producer is being received with approval," declared the magazine "Steel" of Cleveland in its current summary on July 27, which adds:

"It is believed this procedure will bring a greater degree of order in production of war steel. Principal benefit to steelmakers will be steadier operation of certain finishing mills. While the level may be below capacity it will be preferable to the irregular operation in recent weeks, when only limited supply of semi-finished steel could be allocated after requirements of plate, bar and structural mills had been satisfied. It appears that sheet and tin plate production will show improvement under the new plan. Workmen in these departments have been employed only part time and on irregular schedules.

"Higher ratings in the AA series are beginning to reach steelmakers in volume and in a few instances AAA designations have been received. So far none of the newer ratings have been below AA-4 and there is some opinion this will be the lowest of the new series, marking the next classification above A-1-a. Sellers generally make no promises on A-1-a tonnage, which ranked high a short time ago. Such orders are accepted but can not be included in rolling schedules.

"Pig iron supply is maintained satisfactorily under the allocation system and essential consumers are well supplied. Two relined stacks have been relighted after being out only a short time. Only nine of the 181 stacks in the United States were out of blast July 1, an unusually small proportion. Rehabilitation of a long-idle furnace in the East has added further to basic output. Furnaces are being pushed far beyond the usual time for relining in most instances.

"No betterment has appeared in the scrap situation and a midsummer lull appears to be in effect, flow of material having slowed appreciably in several areas. The nationwide drive is getting under way but has not been in effect long enough to show results.

"Blast furnaces in June consumed 7,043,434 gross tons of iron ore, only slightly less than 7,239,788 tons smelted in May, a longer month. In June, 1941, consumption was 6,231,067 tons. For the first six months this year 41,960,455 tons were used, compared with 36,681,083 tons in first half last year. In spite of the heavy consumption stocks at furnaces and on Lake Erie docks July 1 were 30,981,163 tons, compared with 25,199,177 tons June 1. A year ago stocks were 26.629.670 tons. Two more blast furnaces in the United States and one more in Canada were producing July 1 than a month earlier, the total being 181."

The American Iron and Steel Institute on July 27 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.0% of capacity for the week beginning July 27, compared with 98.7% one week ago, 96.5% one month ago and 97.6% one year ago. This represents a decrease of 1.7 points, or 1.7% from the preceding week. The operating rate for the week beginning July 27 is equivalent to 1,647,700 tons of steel ingots and castings, compared to 1,676,500 tons one week ago, 1,639,200 tons one month ago, and 1,612,500 tons one year ago.

"The Iron Age," in its issue of today (July 30) says in part:

"The drop in the operating rate from last week comes from additional open hearths temporarily down for badly overdue repair and rebuilds, with scrap deficiency for the moment an almost negligible contributing factor.

"Undoubtedly there has been some deterioration in steel supply, but tales of tank plants and other prime armament producers closing their doors are greatly exaggerated. Activities of certain truck plants certainly have been curtailed, but for months heavy production in that field has been under critical surveillance. Ship plate continues be to spotty and tight, but additional improvement is in prospect, mostly at the expense of sheet, strip and structural production. Of particular significance is that for some months Lend-Lease shipments of steel have taken really terrific bites out of output, but now export is being severly pared down to a more digestible level. The critical domestic tightness in semi-finished steel and bars should quickly reflect this action. Moreover, the current widespread and very vocal fears of many steel users regarding their supply position should within a fortnight sink to whispers as the unlamented priorities set-up is blanketed by what the WPB designates as production directives, but what many others insist on calling the quota system. A strict, sensitive and flexible statistical control over steel usage has long been overdue to kill off careless treatment of delivery dates, poor timing of deliveries, and growth of unbalanced stocks. Production directives give every promise of intelligent and strategic application of each week's steel output, with concomitant corking up of the many mysterious sump holes into which so much steel has drained in the past.

"WPB's decision to trim steel expansion plans about 10% indicates a realistic appreciation of the imperativeness of winning the war by proper utilization of 98,300,000 tons of capacity, rather than drain more steel away from current production to gain a few million more tons of capacity several years hence. Being skeptical also of sufficient and proper quality of scrap to support such capacity, WPB will press for an additional 3,000,000 tons of pig iron capacity in its 1943 building program representing an expenditure of well over $75,000,000. OPA has announced bitter opposition to any moderate and over-all rise in scrap prices to accelerate the flow, the apparent preference being to employ public scrap campaigns to offset any reduction in activity of the small scrap collector. Also, considerable dependence is being put on the growing activities of the Metals Reserve Corp., which is bound by no price ceilings, in drawing in remote scrap, and tackling the more sizable and costly wrecking projects. The latter involves such varied activities as drawing several old hulks from the river in the Philadelphia area, at a cost of perhaps $35-$40 a ton, and ripping girder rails out of concrete at a price probably near $75 a ton. Even higher costs might be involved in removing old car rails, an extensive program for which is under way in New Jersey pointing toward a recovery of over 60,000 tons in 1943."

Dairy Price Adjustments To Assure Record Output

The Department of Agriculture said on July 23 that the adjustment of prices of the five manufactured dairy products should result in a continuation of the present high rate of dairy production and should shift production to the types of products most needed for the war effort.

The adjustments, announced July 21, included decreases in two instances and increases in three others. They were as follows:

Reduction in evaporated milk (export cases strapped) per case from $3.20 to $3,10; reduction in the price of roller process dry skim milk from 12 cents per pound to 11.5 cents; increase in spray process dry skim milk from 13.5 cents per pound to 14 cents; butter (92 score at Chicago) increased to 39 cents per pound from the market price of 37½ cents and from the inoperative support price of 36 cents established last March 28; cheese (No. 1, Wisconsin cheese exchange, per pound) from 20.25 cents a pound to 21 cents.

Stating that "American dairy producers have done a magnificent job," Secretary Wickard added in part:

"Our goal for 125,000,000,000 pounds of milk in 1942, which would be the highest production in history, will not be reached by possibly 5,000,000,000 pounds even though we still will set a new high record. We realized at the time the goal was set that it would be a miracle if we reached it and the high rate of production that has been maintained is a tribute both to the patriotism and skill of the American dairy farmer.

"It should be kept in mind that dairy producers have been handicapped, not only by increased costs of labor and feed, but by reason of the fact that prices of their products are substantially below those of other farm products which compete for the use of the same land, labor, and feed.

"Fortunately, this year, for the third season in succession, we have had unusually favorable pasture conditions during the spring and early summer and we had abundant supplies of feed during the past winter.

"At this season of the year pastures begin to dry up and production declines. However, if prices permit, producers will exert every effort to maintain their production despite disadvantages because of this and other factors. Ordinarily at this season of the year, prices begin to increase because of the seasonal decline in production. Therefore, we had two things in mind in the action taken on July 21: (1) to anticipate the increase in prices which would come later in the case of butter and cheese and by increasing the support price now to increase production over what it otherwise would be; (2) by adjustments between the prices of manufactured dairy products to decrease production in some instances and increase it in others. At the present, the only effective means we have of obtaining the desired shifts in the production of manufactured dairy products is by the use of price differentials. Quite naturally, plant operators will shift their production into the use which pays them the most money, comparatively speaking. They have to do this in order to remain in business and to continue production. Consequently when we wish more butter, for example, as we do now, we increase the price of butter by comparison to other manufactured dairy products."

Urges Registration Under Consumer Credit Rules

Officials of the Federal Reserve Bank of Chicago on July 25 called attention to the fact that July 31 is the expiration date of the general license granted to persons not previously registered under Regulation W—Consumer Credit—but who became subject thereto because they are engaged in the instalment selling of listed articles added by the amendment of May 6. The Bank said:

"In addition to the articles previously covered, this amendment broadened the Regulation to include automobile batteries and accessories; tires and tubes; bedding; draperies; binoculars; lighting fixtures and portable lights; household electric appliances and musical instruments not previously listed; used furniture; jewelry; luggage; athletic equipment; table and kitchenware; pottery; glassware; yard goods; and furs and non-military clothing, including shoes, hats and other haberdashery.

"Any person who is required to register should do so promptly, as he is prohibited otherwise from continuing to sell listed articles on an instalment basis."

Moody's Daily Commodity Index

Tuesday, July 21	231.6
Wednesday, July 22	231.9
Thursday, July 23	231.1
Friday, July 24	231.2
Saturday, July 25	231.5
Monday, July 27	230.3
Tuesday, July 28	229.7
Two weeks ago, July 14	232.4
Month ago, June 27	229.2
Year ago, July 28	212.2
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

National Fertilizer Association Commodity Price Average Higher Last Week

The general level of wholesale commodity prices moved upward last week, led by a rise in food prices. The weekly wholesale commodity price index compiled by The National Fertilizer Association and released on July 27, in the week ended July 25, 1942, rose to 129.3% of the 1935-1939 average, compared with 128.9 in the preceding week. At this level the index is 1.7% above the corresponding week a month ago, when it registered 127.1, and is 14.4% higher than at this time a year ago. The Association's report also added:

The advance in the all-commodity index was brought about chiefly by a marked rise in foodstuffs. In the food group, advancing prices for 8 items more than offset decreases in 4, causing a rise in the food group to a new high level. An upswing in the fuel index was caused by a rise in gasoline quotations. The fertilizer materials index also moved slightly upward. The farm products index slipped back fractionally, when the cotton, grain, and livestock sub-groups declined. Slight reactions in cottonseed meal and cattle feed prices resulted in a small decline in the index of miscellaneous commodities. The only other group average to change during the week was the textiles index, which was moderately lower.

During the week changes in the index were quite evenly balanced, with 16 price series declining and 15 advancing; in the preceding week there were 11 declines and 10 advances; in the second preceding week there were 12 advances and 11 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week July 25 1942	Preceding Week July 18 1942	Month Ago June 20 1942	Year Ago July 26 1941
25.3	Foods	127.6	125.9	125.1	107.5
	Fats and Oils	139.1	137.6	137.3	117.7
	Cottonseed Oil	159.6	159.6	158.4	132.8
23.0	Farm Products	137.1	137.9	134.5	114.8
	Cotton	181.2	185.9	179.1	155.0
	Grains	111.4	111.5	113.8	97.0
	Livestock	135.4	135.6	131.0	111.4
17.3	Fuels	125.4	125.2	119.7	110.4
10.8	Miscellaneous commodities	127.5	127.6	127.8	121.4
8.2	Textiles	147.8	148.5	147.5	[illegible]
7.1	Metals	104.4	104.4	104.4	104.0
6.1	Building materials	151.6	151.6	151.6	116.2
1.3	Chemicals and drugs	120.7	120.7	120.7	105.3
.3	Fertilizer materials	117.9	117.8	117.7	112.0
.3	Fertilizers	115.3	115.3	115.3	106.4
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	129.3	128.9	127.1	113.0

*Indexes on 1926-1928 base were: July 25, 1942, 100.7; July 18, 100.4; July 26, 1941, 88.0.

Non-Ferrous Metals—Silver Imports Placed Under Control—August Lead Pool Suspended

Editor's Note.—Upon request of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of July 23, stated: "Outstanding in developments in non-ferrous metals during the last week was an order issued by the War Production Board on July 21 placing imports of silver under complete control. The restrictions include silver in bullion, ore, concentrate, and coins. Applications for permission to import silver must be made on Form PD-222C. Government agencies are not subject to the silver order and existing private contracts are allowed to stand. The emergency pool for lead will be dropped for the month of August. Metals Reserve has extended its program for buying surplus domestic quicksilver." The publication further went on to say in part:

Copper

R. M. Decker, regional director of the Industry Salvage Section, Bureau of Industrial Conservation, WPB, stated that this year 5,000,000 tons of copper are needed. The industry did not take this estimate seriously. Word on August allocation is expected next week. The price situation was unchanged, with domestic metal at 12c, Valley, and foreign at 11.75c, f.a.s. basis.

The Office of Operations, WPB, announced last week that South American copper mines have been granted higher preference ratings for obtaining maintenance and operating supplies.

The price schedule for copper alloy scrap has been revised downward by OPA. In lowering prices on refinery brass scrap, the schedule has been brought more in line with the market price of electrolytic copper.

Lead

Recognizing that the supply situation in lead has eased, WPB has decided to omit the 15% emergency pool for August, according to Washington advices. The industry believes that domestic consumers of lead will ask for comparatively little "allocated" lead for August. Quotations were unchanged at 6.50c, New York, and 6.35c, St. Louis.

Zinc

The Advisory Committee met with WPB officials on Tuesday and the question of keeping the concentrate supply moving to domestic smelters in quantity was discussed. Labor and shipping problems enter into the question. Canadian advices state that a fair tonnage of High Grade metal produced in that country is to be exchanged for Prime Western produced in the United States. The market situation in domestic zinc was unchanged last week, with the quotation for Prime Western at 8.25c, St. Louis.

Tin

With new and more efficient methods of tin plating coming into production, operations at some of the older plants are being curtailed and in some instances shut down. The Carnegie-Illinois Steel Corp. told employees at its Canonsburg, Pa., mill that because of the war emergency that unit will be discontinued in August.

The market situation in tin has not changed. Consumers are obtaining the metal under allocation on the basis of 52c for "Grade A" metal.

Straits quality tin for future delivery was nominally as follows:

	July	August	Sept.
July 16	52.000	52.000	52.000
July 17	52.000	52.000	52.000
July 18	52.000	52.000	52.000
July 20	52.000	52.000	52.000
July 21	52.000	52.000	52.000
July 22	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125c, all week.

London—No quotations.

Quicksilver

Metals Reserve Co. announced July 20 that it will buy quicksilver at its varioius Western ore purchase depots, in addition to New York, at the request of the War Production Board. The basis for acquiring surplus metal will continue at $192 per flask, f.o.b. New York. The purchase program has been extended to Dec. 31, 1943.

Traders in quicksilver in New York felt that the action taken by Metals Reserve was prompted by a desire to remove uncertainty about the stability of prices for the long pull. The Government, it was held, desires to keep output in this country at a high rate. The open market for the metal in New York continued at $194.43 @ $198.08 per flask.

Silver

In regulating imports of silver, WPB has taken a first step in handling the supply-demand situation in the metal, silver merchants believe. The jewelry trade eventually may be forced to bid for domestic metal "at a premium," some in the trade contend.

The Silver Market in London has been quiet and steady with the price unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 35⅛c and 35c, respectively.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

	Electrolytic Copper		Straits Tin,	Lead		Zinc
July	Domest., Refin.	Exp., Refin.	New York	New York	St. Louis	St. Louis
16	11.775	11.700	52.000	6.50	6.35	8.25
17	11.775	11.700	52.000	6.50	6.35	8.25
18	11.775	11.700	52.000	6.50	6.35	8.25
20	11.775	11.700	52.000	6.50	6.35	8.25
21	11.775	11.700	52.000	6.50	6.35	8.25
22	11.775	11.700	52.000	6.50	6.35	8.25
Average	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended July 18 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead. 6.500c.; St. Louis lead, 6.350c.; St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c is deducted from f.a.s. basis (lighterage, etc. to arrive at the f.o.b. refinery quotation.

Electric Output For Week Ended July 25, 1942 Shows 12.6% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended July 25, 1942, was 3,625,645,000 kwh., which compares with 3,220,526,000 kwh., in the corresponding period in 1941, a gain of 12.6%. The output for the week ended July 18, 1942, was estimated to be 3,565,367,000 kwh., an increase of 11.4% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	July 25, '42	July 18, '42	July 11, '42	July 4, '42
New England	4.9	4.3	3.3	17.3
Middle Atlantic	8.6	6.6	3.6	12.7
Central Industrial	8.9	9.0	4.1	15.1
West Central	7.6	9.7	2.9	13.3
Southern States	21.5	18.5	14.6	25.5
Rocky Mountain	7.1	6.1	4.8	10.4
Pacific Coast	21.2	19.4	18.5	25.7
Total United States	12.6	11.4	7.9	17.9

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
May 2	3,304,602	2,944,906	+12.2	2,503,899	1,429,032	1,688,434
May 9	3,365,208	3,003,921	+12.0	2,515,515	1,436,928	1,698,492
May 16	3,356,921	3,011,345	+11.5	2,550,071	1,435,731	1,704,426
May 23	3,379,985	3,040,029	+11.2	2,588,821	1,425,151	1,705,460
May 30	3,322,651	2,954,647	+12.5	2,477,689	1,381,452	1,615,085
Jun 6	3,372,374	3,076,323	+ 9.6	2,598,812	1,435,471	1,689,925
Jun 13	3,463,528	3,101,291	+11.7	2,664,853	1,441,532	1,699,227
Jun 20	3,433,711	3,091,672	+11.1	2,653,788	1,440,541	1,702,501
Jun 27	3,457,024	3,156,825	+ 9.5	2,659,825	1,456,961	1,723,428
July 4	3,424,188	2,903,727	+17.9	2,425,229	1,341,730	1,592,075
July 11	3,428,918	3,178,054	+ 7.9	2,651,626	1,415,704	1,711,625
July 18	3,565,367	3,199,105	+11.4	2,681,071	1,433,993	1,727,225
July 25	3,625,645	3,220,526	+12.6	2,760,935	1,440,386	1,723,031
Aug 1	------	3,263,082	----	2,762,240	1,426,986	1,724,728

Higher Wages Feature 1941 National Income

Income received by individuals in the form of salary and wage payments in 1941 were $12,000,000,000 greater than in the previous year, according to the Conference Board, while dividend and interest payments were $2,500,000,000 less than in 1929 and only $431,000,000 greater than in 1940. These observations are made by the Board in tentatively placing total realized national income in 1941 at $90,000,000,000, or fully $10,000,000,000 more than the income distributed in 1929, the previous peak year of the Conference Board's long-term series. The Board says:

"Dividend recipients in previous years have improved their position relative to aggregate payments to individuals. Their share of income last year, however, was about as low as the trough of the depression. In 1940 and 1941 they received 5.4% and 4.8%, respectively, of such payments. This contrasts sharply with the course of dividend payments during 1916 and 1917 when they accounted for fully 8% of total realized national income. In the late 'Twenties and in 1937, dividend payments again accounted for from 6% to 8%. The lowered level of dividend payments recorded during the first half of this year, coupled with the successively higher rate of business taxation in prospect, make it likely that the proportion of income received in dividends will continue downward for the duration.

"Salary and wage payments alone in 1941 constituted 67.5% of the dispersed national income, as against 64.9% in 1940. This percentage has risen steadily from its low point of 59.1% in 1936. A similar gain in the proportion of national income flowing to salaries and wages developed during World War I. At the outbreak of that war, this division of the national income accounted for slightly less than 60%. By 1920, salaries and wages constituted almost two-thirds of all income payments."

Another feature of the 1941 picture was the enlarged flow of income from government. On this point the Board says:

"The income derived from government was fully twice as great as in 1929 and more than twice the annual amounts paid out during World War I. At the height of World War I, only $1 of every $10 of individual income was derived from government payments. This compares with about $1 of every $6 at the time of our entrance into World War II.

"Before the extension of governmental functions during the depressed 'Thirties, the principal gains in the relative importance of government income developed during war years. From 1859 to 1869, the Civil War decade, income derived from government rose from 2.3% to 4.2%, but increased slowly thereafter. In 1899, it moved up to 6.5% and its next major gain occurred in World War I. Never in the interim periods did income originating from government recede to its prewar levels."

Service Men Granted Voting Privileges

The House on July 23 passed a measure granting to members of the armed forces serving within the continental United States a vote in the 1942 Congressional elections. The bill sets up machinery, to be administered by the Secretaries of State of the various States, which permits soldiers, sailors and marines, if they are qualified voters in their States, to have a voice in the November elections regardless of the registration requirements of States. It does not affect members of the armed forces wishing to take advantage of regular absentee voting provisions nor does it affect other State requirements, such as payment of a poll tax.

The bill extends the voting privileges to women nurses and in auxiliaries.

As to the adoption of the bill by the House, United Press accounts from Washington July 23 indicated that the measure passed after hours of bitter debate, and over the opposition of a small group of Southern Democrats; in part the advices added:

"The bill was passed by a standing vote of 134 to 19 after Representative John E. Rankin, Democrat, of Mississippi, unsuccessfully sought to kill it on a motion to recommit. The motion was defeated by voice vote.

"Representative Rankin and other opponents repeatedly demanded time-consuming quorum calls and roll-call votes on technical questions before the bill was passed.

"Although the poll tax common in some Southern States was not directly invoked as an issue, Representative Rankin insisted that the legislation would 'put the camel's nose under the tent for Federal interference with the election machinery of all the States'."

* * *

"Representative John M. Vorys, Republican, of Ohio, incensed over the objections to passage, told the House that as a result he had signed a petition to release from the Judiciary Committee and force House consideration of the Geyer Bill banning poll taxes for Federal elections. Others also adding their names brought the total around 160, but 218 are required.

" 'This filibuster which is being held on the floor today, in war time, is a far worse threat to representative government than any discharge petition.' Representative Vorys declared. 'It is being engineered by the same reactionary forces which have held the Geyer Bill in committee.

" 'They are willing to delay giving our fighting men an apportunity to vote in order to hang on to their systems of keeping Negroes from voting. They are willing to delay public business to enforce their will. It is time they are stopped'!"

Federal Reserve June Business Indexes

The Board of Governors of the Federal Reserve System issued on July 23 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board issued its customary summary of business conditions. The indexes for June, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings;
1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	June 1942	May 1942	June 1941	June 1942	May 1942	June 1941
Industrial production—						
Total	†177	174	159	†178	175	160
Manufactures—						
Total	†185	182	164	†186	183	165
Durable	†243	237	195	†245	239	198
Nondurable	†138	138	139	†138	138	138
Minerals	†132	129	‡133	†131	131	‡132
Construction contracts, value—						
Total	†197	158	117	†233	192	135
Residential	†88	76	101	†97	90	111
All other	†286	226	129	†344	275	155
Factory employment—						
Total	*	137.0	128.7	*	137.1	127.9
Durable goods	*	150.3	134.0	*	152.5	135.1
Nondurable goods	*	124.3	123.7	*	122.4	121.1
Factory payrolls—						
Total	---	---	---	*	191.8	152.2
Durable goods	---	---	---	*	232.3	173.9
Nondurable goods	---	---	---	*	146.5	127.9
Freight-car loadings	141	143	139	139	138	136
Department store sales, value	104	108	104	100	108	100
Department store stocks, value	†132	†123	77	†126	†126	73

*Data not yet available. †Preliminary or estimated. ‡Revised.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on three-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	June 1942	May 1942	June 1941	June 1942	May 1942	June 1941
Manufactures—						
Steel	215	218	195	215	218	195
Open hearth & Bessemer	177	180	173	177	180	173
Electric	485	484	355	485	484	355
Machinery	†280	274	214	†280	274	214
Transportation equipment	†399	371	243	†399	371	244
Non-ferrous metals & products	†192	187	186	†193	188	187
Zinc smelting	180	184	170	180	184	170
Zinc shipments	143	146	144	143	146	144
Lumber and products	†130	134	135	†136	135	140
Lumber	†124	‡124	125	†134	131	135
Furniture	†143	152	155	†139	143	150
Stone, clay, & glass products	*	145	149	*	166	171
Cement	145	146	138	183	178	174
Polished plate glass	37	35	152	37	35	149
Textiles and products	†153	156	156	†153	156	155
Cotton consumption	169	175	160	169	175	160
Rayon deliveries	169	169	173	169	169	173
Wool textiles	*	149	163	*	149	163
Leather products	†128	126	132	†117	123	120
Tanning	*	128	122	*	125	118
Cattle hide leathers	*	147	133	*	144	126
Calf and kip leathers	*	94	98	*	89	100
Goat and kid leathers	*	104	112	*	102	112
Shoes	†128	124	138	†113	121	122
Manufactured food products	†137	134	127	†139	130	128
Wheat flour	102	105	107	96	96	101
Meat packing	†150	140	124	†146	140	121
Other manufactured foods	†138	135	129	†131	123	123
Tobacco products	122	122	118	132	123	128
Cigars	112	108	106	120	107	113
Cigarettes	136	140	131	150	142	144
Manufactured tobacco & snuff	94	89	97	96	89	99
Paper and products	*	145	145	*	144	143
Paperboard	120	144	154	120	141	154
Newsprint production	103	104	114	104	105	115
Printing and publishing	†111	112	128	†110	115	127
Newsprint consumption	97	100	106	98	104	107
Petroleum and coal products	*	117	127	*	117	128
Petroleum refining	*	109	123	*	110	124
Gasoline	†99	103	123	†101	103	126
Fuel oil	*	122	122	*	122	121
Lubricating oil	*	122	134	*	127	134
Kerosene	*	101	104	*	101	102
Coke	†163	164	‡155	†163	164	‡155
Byproduct	†153	154	‡146	†153	154	‡146
Beehive	†523	511	‡459	†523	511	‡459
Chemicals	†171	167	144	†165	166	138
Minerals—						
Fuels	†127	125	‡130	†120	121	123
Bituminous coal	†168	173	‡155	†144	147	‡133
Anthracite	†127	105	‡131	†117	115	‡120
Crude petroleum	†111	108	120	†111	111	120
Metals	†157	155	151	†195	189	181
Iron ore	235	225	198	381	371	326
Lead	*	126	117	*	128	116

*Data not yet available. †Preliminary or estimated. ‡Revised.

FREIGHT-CAR LOADINGS
(1935-39 average = 100)

Coal	160	164	156	135	139	131
Coke	199	197	189	179	181	170
Grain	113	115	126	111	99	123
Livestock	103	98	88	81	89	69
Forest products	159	155	136	165	161	141
Ore	183	289	152	318	303	265
Miscellaneous	144	142	139	145	144	141
Merchandise, l.c.l.	60	62	102	60	62	101

Note—To convert coal and miscellaneous indexes to points in total index, multiply coal by .213 and miscellaneous by .548.

Engineering Construction $148,171,000 For Week

Engineering construction volume for the week, $148,171,000, is 15% below the total for the preceding week, and 28% under the volume for the corresponding 1941 week as reported by "Engineering News-Record" on July 23, which also said:

Private engineering construction climbs 42% above a week ago, but is 28% under a year ago. Public work is 18 and 28% lower, respectively, than last week and last year.

The current week's construction brings the 1942 volume to $5,847,020,000, an increase of 61% over the total for the 30-week period in 1941. Private work, $388,560,000, is 52% below the period last year, but public construction $5,458,460,000, is 94% higher than a year ago as a result of the 148% gain in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	July 24, 1941	July 16, 1942	July 23, 1942
Total Construction	$205,877,000	$174,129,000	$148,171,000
Private Construction	15,222,000	7,705,000	10,967,000
Public Construction	190,655,000	166,424,000	137,204,000
State and Municipal	17,034,000	10,073,000	8,717,000
Federal	173,621,00	156,351,000	128,487,000

In the classified construction groups, gains over last week are reported in commercial building and large-scale private housing, and unclassified construction. Increases over the 1941 week are in streets and roads, and unclassified construction. Subtotals for the week in each class of work are: waterworks, $1,141,000; sewerage, $1,551,000; bridges, $510,000; industrial buildings, $2,817,000; commercial building and large-scale private housing, $4,396,000; public buildings, $63,731,000; earthwork and drainage, $258,000; streets and roads, $9,074,000; and unclassified construction, $64,693,000.

New capital for construction purposes for the week totals $1,692,261,000. This compares with $10,889,000 for the corresponding 1941 week. The current week's new financing is made up of $1,685,122,000 in Federal appropriations for War Department construction for the 1943 fiscal year, $6,660,000 in corporate security issues, and $479,000 in state and municipal bond sales.

New construction financing for the year to date, $9,493,390,000, is 93% greater than the volume reported for the 30-week period last year.

The English Gold And Silver Markets

We reprint the following from the quarterly letter of Samuel Montagu & Co. of London, written under date of July 1, 1942:

Gold

The amount of gold held in the Issue Department of the Bank of England remained unaltered at £241,575 until May 13, when there was a slight increase to £241,718; there has been no further change to date.

The Bank of England's buying price for gold remained unchanged at 168/- per fine ounce, at which figure the above amounts were calculated.

The gold output of the Transvaal for the months of March, April, and May 1942, are given below, together with figures for the corresponding months of 1941 for the purpose of comparison:

	1942		1941	
March	1,214,130	fine ounces	1,199,476	fine ounces
April	1,182,678	" "	1,166,456	" "
May	1,214,987	" "	1,219,068	" "

Silver

On April 1, the liquidation of some outstanding bull contracts caused prices to ease 1/16d. to 23 7/16d. for both cash and two months' delivery; there was no change on the following day but on April 3, quotations reverted to 23½d. and remained unaltered at that figure for the remainder of the quarter under review. Conditions continued to be quiet, but demand for trade requirements was fairly steady and was satisfied partly from official and partly from production sources.

News was received by mail from India that the Indian Budget statement made on Feb. 28 provided for an emergency surcharge of 20% on practically all customs import duties. This had the effect of raising the duty on imports of silver into India by Rs. 1-6-6 per 100 tolas to Rs. 8-7-0 per 100 tolas, as compared with the Rs. 7-0-6 per 100 tolas previously in operation.

An article in the "Commercial and Financial Chronicle" of New York of April 16 stated that plans for the use of free silver stocks of the Treasury in connection with war production, whereby the release would be effected of "substantial amounts of vitally needed copper," were announced by the Treasury Department on April 7. The announcement was as follows:

"The Secretary of the Treasury, Henry Morgenthau, Jr., announced today that the Treasury Department had been asked to work out some means for making the free silver stocks of the Treasury available for use in connection with war production and thereby release substantial amounts of vitally needed copper. The General Council of the Treasury, after study of the problem, has concluded that there is legal authority to lend-lease the free silver stocks of the Treasury for this purpose. The Attorney General concurs in this view.

Under the plan, which has been approved by the President, the silver would be made available to Government-owned and privately owned plants engaged in war production, particularly aluminium and magnesium plants. Title to the silver, would remain in the Treasury. The silver would not become a part of the products of the war production plants, nor would the silver be used us. The silver would be used in the plants (where such articles as bus bars are now made of copper) so as to permit substantially all of the silver to be returned to the Treasury after the termination of the war.

There are at present over 1,360,000,000 ounces of free silver in the Treasury which can be used for this purpose. Its use will release more than 40,000 tons of copper for other war production requirements."

A Reuter message from Washington received on May 6 advised that exports of silver from the United States to Europe had been stopped by a surprise embargo because it had been found that consignments, though shipped to neutral countries, somehow find their way into Axis hands. The embargo includes Spain, Portugal, Switzerland, Sweden, Vichy France, Turkey and French Africa.

QUOTATIONS IN LONDON
[Bar silver per ounce std.]

April, 1942—	Cash Delivery	Two Months
April 1 and 2	23 7/16d.	23 7/16d.
April 3 to 30	23½d.	23½d.
Average	23.4940d.	23.4940d.
May, 1942—	23½d. throughout	23½d. throughout
June, 1942—	23½d. throughout	23½d. throughout

QUOTATIONS IN NEW YORK [Per Ounce .999 fine]

U. S. Treasury Price	Market Price
35 cents	35⅛ cents

The official dollar rates fixed by the Bank of England during April, May and June, 1942, were as follows:

Buying	Selling
$4.03½	$4.02½

Critical Occupations In Communications Industries

Making no recommendations of its own, the Board of War Communications announced on July 20 that lists of critical occupations in the communications industries have been forwarded to the War Manpower Commission, the Selective Service System and the United States Employment Service for such use as these agencies may find. The Board further stated:

"Separate lists for each of the different types of communications show 23 classes of critical occupations for cable companies, 45 classes for telegraph firms, 51 classes for telephone organizations, 48 classes in the various subdivisions of commercial radio communications services, 15 classes in international short-wave broadcasting and in standard broadcasting there are 6 classes of technical workers and 3 classes of skilled personnel in program departments.

"The agencies were told "The Board does not feel that it is in a position to consolidate these lists for the entire communications industry due to the fact that the nomenclature of positions and the principles applied in the inclusion or exclusion of positions have been different in the various branches of the industry."

"It was suggested that the industry and labor representatives on the Board's Joint Labor-Industry Subcommittee should consult directly with the Government agencies in supplying detailed information on the functions performed by persons in the listed position.

"Members of the labor representatives are:

"Paul E. Griffith of the National Federation of Telephone Workers, for telephone workers;

"Joseph P. Selley of the American Communications Association, for telegraph workers, and

"Robert J. Watt of the American Federation of Labor, for radio workers.

"Industry representatives are:

"Keith S. McHugh of American Telephone and Telegraph Co., for telephone;

"Ellery W. Stone of Postal Telegraph, for telegraph, and

"Dr. C. B. Jolliffe of Radio Corporation of America, for radio.

"Sidney D. Spear of the Federal Communications Commission will assist the sub-committees and perform necessary liaison on this work for the Board."

Lauds U. S. Spirit

Dr. Fernando Carbajal, noted Peruvian engineer and recently elected President of the Rotary International, on July 22, stated at the Pan American Union in Washington that he was impressed with the spirit evident in this country. "I am impressed," he said, "by the enthusiasm which I have seen everywhere to organize the country in the fight for democracy and the institutions which we have enjoyed since the days of our birth." Dr. Carbajal during his official call upon Dr. L. S. Rowe, Director General of the Pan American Union, also pointed out that he will embark upon a tour of every country in the Western Hemisphere, in order to "foster a better feeling among the people of the Continent, so that through a strengthened Rotary movement and a deeper sentiment of Pan Americanism, we may have a stronger basis upon which to arrive at a peace which everyone will enjoy, without injustice to anyone." While in Washington the new president of the Rotary International has conferred with high government officials. He has been accompanied by Dr. Raul Selva, of the Rotary of Argentina, and Mr. Philip Lovejoy, General Secretary of the Rotary.

Daily Average Crude Oil Production For Week Ended July 18, 1942, Rose 56,000 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 18, 1942 was 3,713,400 barrels, a gain of 56,000 barrels over the preceding week and an increase of 37,350 barrels over the corresponding week last year. The current figure, however, was 129,400 barrels below the daily average for the month of July, 1942, as recommended by the Office of Petroleum Coordinator. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,582,000 barrels of crude oil daily during the week ended July 18, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 84,069,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,963,000 barrels during the week ended July 18, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations July	*State Allowables Beginning July 1	—Actual Production— Week Ended July 18 1942	Change From Previous Week	4 Weeks Ended July 18 1942	Week Ended July 19 1941
Oklahoma	433,000	433,000	†374,650	+ 2,650	373,000	421,800
Kansas	283,200	283,200	†286,050	+ 14,900	272,350	239,050
Nebraska	4,100	------	†3,450	— 150	3,650	5,200
Panhandle Texas			84,500	+ 4,100	87,850	82,350
North Texas			142,450	— 350	144,300	128,950
West Texas			211,900	+ 4,700	198,050	220,400
East Central Texas			87,700	+ 2,400	85,350	80,000
East Texas			297,700	+ 7,600	275,100	296,000
Southwest Texas			154,950	+ 8,100	140,950	179,650
Coastal Texas			253,050	+ 1,750	239,250	243,900
Total Texas	1,214,400	‡1,284,711	1,232,250	+ 28,300	1,170,850	1,231,250
North Louisiana			94,200	+ 850	92,400	76,100
Coastal Louisiana			223,300	+ 1,350	220,900	244,500
Total Louisiana	319,600	337,600	317,500	+ 2,200	313,300	320,600
Arkansas	78,500	70,823	72,250	+ 1,300	72,750	73,100
Mississippi	49,900		†81,700	— 2,150	83,250	47,250
Illinois	304,100		278,850	— 5,100	279,000	332,850
Indiana	22,000		†19,150	+ 150	18,900	19,600
Eastern (not incl. Ill. and Ind)	112,600		98,650	+ 3,150	98,050	90,950
Michigan	64,800		61,800	— 6,100	65,600	40,550
Wyoming	96,800		91,950	+ 50	92,050	83,450
Montana	23,100		21,750	+ 350	21,850	19,400
Colorado	7,700		7,150	+ 750	6,850	3,950
New Mexico	89,500	89,500	65,150	—	65,150	106,550
Total East of Calif.	3,103,300		3,012,300	+ 40,300	2,936,600	3,035,550
California	739,500	§739,500	701,100	+ 15,700	660,250	640,500
Total United States	3,842,800		3,713,400	+ 56,000	3,596,850	3,676,050

*O. P. C. recommendations and State allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in April, 1942, as follows: Oklahoma, 27,500; Kansas, 4,800; Texas, 90,700; Louisiana, 15,300; Arkansas, 2,600; New Mexico, 5,300; California, 40,100; other States, 22,200.

†Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. July 15.

‡This is the net basic 31-day allowable as of July 1. In the area outside East Texas shutdowns were ordered for July 4, 5, 11, 12, 18, 19, 25, 26, 29, 30 and 31; in East Texas for July 6, 13, and 20, in addition to the aforementioned days.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED JULY 18, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

	Daily Refining Capacity		Crude Runs to Stills		Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis			
District—	Potential Rate	% Reporting	Daily Average	% Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,612	67.6	5,037	39,818	16,643	16,944
Appalachian	174	84.5	166	95.4	461	2,825	564	556
Ind., Ill., Ky.	784	84.9	734	93.6	2,432	15,682	4,336	3,495
Okla., Kansas, Mo.	418	81.1	377	90.2	1,267	7,556	1,459	1,474
Rocky Mountain	138	50.7	95	68.8	298	2,254	379	565
California	787	90.9	598	76.0	1,468	15,934	11,795	54,196
Tot. U. S. B. of M. basis July 18, 1942	4,684	86.9	3,582	76.5	10,963	†84,069	35,176	77,230
Tot. U. S. B. of M. basis July 11, 1942	4,684	86.9	3,582	76.5	10,675	85,658	34,418	77,891
U. S. Bur. of Mines basis July 19, 1941			3,819		12,570	86,291	40,724	91,059

*At the request of the Office of the Petroleum Coordinator.

†Finished, 76,434,000 barrels; unfinished, 7,635,000 barrels.

‡At refineries, at bulk terminals, in transit, and in pipe lines.

Wholesale Commodity Prices Decline 0.2% In Week Ended July 18, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on July 23 that weakening prices for certain agricultural products, particularly fresh fruits, vegetables and livestock, largely accounted for a decline of 0.2% during the week ended July 18 in the Bureau's composite index of 889 series priced in primary markets. At 98.3% of the 1926 average, the index is ½ of 1% below the 1942 high point of late May but it remains more than 11% higher than at this time last year.

Average prices for 7 of the 10 major commodity group classifications declined. Farm products dropped 0.6% offsetting the gain of the preceding week. Foods and miscellaneous commodities decreased 0.4% and hides and leather products, metals and metal products, building materials and housefurnishing goods each dropped 0.1%. The index for fuel and lighting materials advanced 0.1% as a result of higher prices for gasoline in the North Texas area.

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes, however, must be considered as preliminary and subject to such adjustment and revision as required by late and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for June 20, 1942 and July 19, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to July 18, 1942, from—		
Commodity Groups—	7-18 1942	7-11 1942	7-4 1942	6-20 1942	7-19 1941	7-11 1942	6-20 1942	7-19 1941
All Commodities	*98.3	*98.5	*98.5	*98.1	88.3	—0.2	+0.2	+11.3
Farm products	104.9	105.5	104.9	104.5	85.4	—0.6	+0.4	+22.8
Foods	98.3	98.7	99.3	98.4	83.8	—0.4	—0.1	+17.3
Hides and leather products	118.8	118.9	118.9	118.9	109.6	—0.1	—0.1	+ 8.4
Textile products	96.8	96.8	97.3	97.3	85.0	0	—0.5	+13.9
Fuel and lighting materials	79.6	79.5	79.5	79.0	79.3	+0.1	+0.8	+ 0.4
Metals and metal products	*103.9	*104.0	*104.0	*104.0	98.6	—0.1	—0.1	+ 5.4
Building materials	110.2	110.3	110.6	109.9	102.6	—0.1	+0.3	+ 7.4
Chemicals and allied products	97.2	97.2	97.2	97.2	85.0	0	0	+14.4
Housefurnishing goods	104.4	104.5	104.5	104.5	95.4	—0.1	—0.1	+ 9.4
Miscellaneous commodities	89.6	90.0	90.1	90.0	81.7	—0.4	—0.4	+ 9.7
Raw materials	99.5	99.8	99.9	98.7	85.5	—0.3	+0.8	+16.4
Semimanufactured articles	92.8	92.8	92.8	92.6	87.6	0	+0.2	+ 5.9
Manufactured products	*98.7	*98.9	*98.9	*98.8	90.0	—0.2	—0.1	+ 9.7
All commodities other than farm products	*96.9	*97.0	*97.2	*96.7	88.9	—0.1	+0.2	+ 9.0
All commodities other than farm products and foods	*95.9	*96.0	*96.1	*95.9	89.7	—0.1	0	+ 6.9

*Preliminary.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that production of soft coal passed the 11-million-ton mark again in the week ended July 18, the total output during that period being estimated at 11,075,000 net tons, as against 10,760,000 tons in the preceding week, an increase of 315,000 tons, or 2.9%. The current figure was also 302,000 tons in excess of the figure for the corresponding week of last year.

Production of Pennsylvania anthracite, according to the U. S. Bureau of Mines, for the week ended July 18 was estimated at 1,222,000 tons, an increase of 29,000 tons or 2.4% over the preceding week. When compared with the output in the corresponding week of 1941 however, there was a decrease of 92,000 tons (7.0%). The calendar year to date shows a gain of 10.1% when compared with the same period of last year.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended July 18 showed an increase of 500 tons when compared with the output for the week ended July 11. The quantity of coke from beehive ovens decreased 5,700 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

	—Week Ended—			—January 1 to Date—		
Bituminous and lignite coal—	July 18, 1942	July 11, 1942	July 19, 1941	†July 18, 1942	July 19, 1941	July 17, 1937
Total, inc. mine fuel	11,075	10,760	10,773	311,733	253,884	241,450
Daily average	1,846	1,793	1,796	1,872	1,531	1,451
*Crude petroleum—						
Coal equivalent of weekly output	5,948	5,859	5,888	171,846	168,839	154,675

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702). †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	—Week Ended—			—Calendar Year to Date—		
Penn anthracite—	§July 18, 1942	July 11, 1942	July 19, 1941	§July 18, 1942	July 19, 1941	July 20, 1929
*Total, incl. colliery fuel	1,222,000	1,193,000	1,314,000	32,412,000	29,443,000	38,338,000
†Commercial production	1,161,000	1,133,000	1,248,000	30,791,000	27,971,000	35,578,000
Beehive coke—						
United States total	149,100	154,800	128,400	4,314,400	3,311,100	3,785,000
By-product coke—						
United States total	1,187,400	1,186,900	‡	33,424,100	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	—Week Ended—					July avge.
State—	July 11, 1942	July 4, 1942	July 12, 1941	July 13, 1940	July 10, 1937	¶1923
Alaska	5	5	5	4	3	**
Alabama	377	288	292	263	240	389
Arkansas and Oklahoma	80	66	22	35	14	74
Colorado	133	96	96	69	70	165
Georgia and North Carolina	††	1	1	1	††	**
Illinois	1,078	‡‡944	973	655	584	1,268
Indiana	462	‡‡387	359	263	234	451
Iowa	40	42	39	44	14	87
Kansas and Missouri	140	124	88	90	72	134
Kentucky—Eastern	828	508	868	809	600	735
Kentucky—Western	235	190	175	117	101	202
Maryland	39	32	32	22	20	42
Michigan	6	5	2	3	5	17
Montana (bituminous and lignite)	60	56	43	45	34	41
New Mexico	30	27	21	21	30	52
North and South Dakota (lignite)	23	23	21	14	13	**14
Ohio	667	574	579	465	379	854
Pennsylvania (bituminous)	2,610	2,160	2,467	2,293	1,734	3,680
Tennessee	144	115	125	107	92	113
Texas (bituminous and lignite)	6	6	7	11	17	23
Utah	110	85	49	40	40	87
Virginia	390	267	378	295	226	239
Washington	42	42	24	29	25	37
*West Virginia—Southern	2,248	1,286	2,137	1,953	1,523	1,519
†West Virginia—Northern	889	696	760	621	444	866
Wyoming	118	110	105	112	61	115
‡Other Western States	††	††	††	††	††	4
Total bituminous and lignite	10,760	8,135	9,668	8,381	6,575	**11,208
§Pennsylvania anthracite	1,193	941	1,164	1,189	652	1,950
Total, all coal	11,953	9,076	10,832	9,570	7,227	13,158

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons. ‡‡Revised.

Lumber Movement—Week Ended July 18, 1942

Lumber production during the week ended July 18, 1942, was 7% greater than the previous week, shipments were 0.3% less, new business 3% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 7% above production; new orders 16% above production. Compared with the corresponding week of 1941, production was 5% less, shipments, 4% less, and new business 1% less. The industry stood at 134% of the average of production in the corresponding week of 1935-39 and 150% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 28 weeks of 1942 was 2% below corresponding weeks of 1941; shipments were 5% above the shipments, and new orders 8% above the orders of the 1941 period. For the 28 weeks of 1942, new business was 25% above production, and shipments were 14% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 71% on July 18, 1942, compared with 47% a year ago. Unfilled orders were 14% greater than a year ago; gross stocks were 24% less.

Softwoods and Hardwoods

Record for the current week ended July 18, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	451	451	470
Production	268,232	281,635	250,416
Shipments	286,062	298,666	286,946
Orders	311,628	316,223	319,770

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	369		96	
Production	256,573	—100%	11,659	—100%
Shipments	272,183	106	13,879	119
Orders	297,864	116	13,764	118

Savs. & Loan System Celebrates 10th Year

The tenth anniversary of the signing of the Federal Home Loan Bank Act on July 22 found savings, building and loan executives appraising the system of 12 Federal Home Loan Banks which took its start from this enactment, the U. S. Savings and Loan League reports. The savings, building and loan associations own 25% of the capital stock of the system, the only stockholders it is stated to a degree sufficient to mention outside of the United States Government. It is pointed out that they have used in the course of the past 10 years, $1,000,000,000 of advances from the 12 regional banks and are now using some $200,000,000. These institutions, through their national organization, the United States Savings and Loan League were the spearhead of the drive for enactment of the measure before Congressional committees 10 years ago, says the League, which also says:

"Coordination of 3,800 savings, building and loan associations and cooperative banks into a reserve system to underpin local home financing activities in a manner similar to the commercial banking coordination accomplished by the Federal Reserve System has been achieved to some extent the first 10 years, is the consensus. The bank system's abilities to float debentures in the capital markets to the gross total of $292,700,000 was also hailed as evidence of the possibility, if need be, to turn much more private capital into home financing channels than has ever been possible before the Bank system's advent.

Revenue Freight Car Loadings During Week Ended July 18 1942, Totaled 857,067 Cars

Loading of revenue freight for the week ended July 18, totaled 857,067 cars, the Association of American Railroads announced on July 23. This was a decrease below the corresponding week in 1941 or 42,303 cars or 4.7%, but an increase above the same week of 1940 of 126,607 cars or 17.3%.

Loading of revenue freight for the week of July 18 increased 1,943 cars or 0.2% above the preceding week.

Miscellaneous freight loading totaled 385,872 cars, an increase of 1,635 cars above the preceding week, and an increase of 19,306 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 87,364 cars, a decrease of 1,431 cars below the preceding week, and a decrease of 67,316 cars below the corresponding week in 1941.

Coal loading amounted to 163,557 cars, an increase of 4,736 cars above the preceding week, but a decrease of 4,399 cars below the corresponding week in 1941.

Grain and grain products loading totaled 51,558 cars, a decrease of 1,951 cars below the preseding week and a decrease of 9,838 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of July 18 totaled 35,407 cars, a decrease of 3,620 cars below the preceding week, and a decrease of 3,328 cars below the corresponding week in 1941.

Live stock loading amounted to 9,570 cars, a decrease of 778 cars below the preceding week, but an increase of 156 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of July 18 totaled 6,529 cars, a decrease of 694 cars below the preceding week, but an increase of 25 cars above the corresponding week in 1941.

Forest products loading totaled 53,482 cars, an increase of 2,449 cars above the preceding week, and an increase of 8,708 cars above the corresponding week in 1941.

Ore loading amounted to 92,249 cars, a decrease of 1,788 cars below the preceding week, but an increase of 10,960 cars above the corresponding week in 1941.

Coke loading amounted to 13,415 cars, a decrease of 929 cars below the preceding week, but an increase of 120 cars above the corresponding week in 1941.

All districts reported decreases, compared with the corresponding week in 1941, except the Southern and Southwestern but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Week of July 4	753,855	740,359	637,169
Week of July 11	855,124	876,142	736,783
Week of July 18	857,067	899,370	730,460
Total	23,526,051	22,366,603	19,018,947

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 18, 1942. During this period only 45 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JULY 18

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	393	627	552	1,148	1,571
Bangor & Aroostook	1,206	1,168	951	162	245
Boston & Maine	6,011	8,971	7,292	13,239	13,98
Chicago, Indianapolis & Louisville	1,512	1,669	1,350	1,982	2,428
Central Indiana	23	74	35	69	11
Central Vermont	984	1,513	1,375	2,517	2,79
Delaware & Hudson	6,529	7,397	5,695	11,030	11,182
Delaware, Lackawanna & Western	7,522	10,392	9,133	9,672	9,352
Detroit & Mackinac	260	374	450	96	128
Detroit, Toledo & Ironton	1,758	2,773	1,576	1,245	1,484
Detroit & Toledo Shore Line	287	359	195	2,922	3,69
Erie	12,895	16,704	13,682	15,308	16,62
Grand Trunk Western	3,716	6,412	3,265	8,205	8,765
Lehigh & Hudson River	167	159	168	3,106	2,69
Lehigh & New England	2,218	2,664	2,172	2,065	2,14
Lehigh Valley	8,780	10,253	8,684	12,979	10,29
Maine Central	2,305	3,128	2,645	2,434	2,54
Monongahela	6,223	6,372	4,593	288	48
Montour	2,315	2,466	2,246	28	3
New York Central Lines	47,122	54,308	40,460	55,339	55,43
N. Y., N. H. & Hartford	9,591	12,207	9,078	19,031	17,345
New York, Ontario & Western	*969	1,277	1,277	*2,577	2,475
New York, Chicago & St. Louis	6,993	7,819	5,779	16,287	14,00
N. Y., Susquehanna & Western	377	484	438	1,490	1,695
Pittsburgh & Lake Erie	7,897	8,940	7,431	9,305	10,084
Pere Marquette	4.	6,77	4,639	5,673	6,229
Pittsburgh & Shawmut	805	780	786	29	34
Pittsburgh, Shawmut & North	395	424	323	294	602
Pittsburgh & West Virginia	1,217	1,144	886	3,057	2,466
Rutland	345	551	611	1,055	1,341
Wabash	5,842	7,009	6,210	12,469	11,636
Wheeling & Lake Erie	5,679	5,757	4,928	4,651	4,241
Total	157,322	190,951	148,905	219,752	218,161
Allegheny District—					
Akron, Canton & Youngstown	754	794	510	1,072	1,032
Baltimore & Ohio	41,694	43,914	33,412	25,136	22,455
Bessemer & Lake Erie	6,870	6,599	6,034	2,496	2,429
Buffalo Creek & Gauley	*311	323	302	*2	5
Cambria & Indiana	1,950	1,952	1,373	15	23
Central R. R. of New Jersey	7,164	8,226	6,789	19,185	16,748
Cornwall	643	652	584	48	62
Cumberland & Pennsylvania	270	309	235	12	36
Ligonier Valley	135	122	48	52	45
Long Island	921	731	525	3,272	3,193
Penn-Reading Seashore Lines	1,547	1,702	1,125	2,425	1,810
Pennsylvania System	84,538	91,150	70,028	64,911	61,657
Reading Co.	14,183	17,845	14,363	27,673	24,215
Union (Pittsburgh)	21,024	20,442	19,248	7,779	6,825
Western Maryland	3,922	4,211	3,007	12,132	9,308
Total	185,926	198,972	157,583	166,210	149,843
Pocahontas District—					
Chesapeake & Ohio	28,026	28,979	23,344	13,634	14,875
Norfolk & Western	23,455	25,025	20,650	6,370	6,441
Virginian	4,568	5,463	4,140	1,961	1,697
Total	56,049	59,467	48,134	21,965	23,013
Southern District—					
Alabama, Tennessee & Northern	349	346	220	377	224
Atl. & W. P.—W. R. R. of Ala.	849	909	710	2,820	1,766
Atlanta, Birmingham & Coast	1,044	1,033	894	1,085	1,045
Atlantic Coast Line	10,542	9,081	7,448	8,870	6,327
Central of Georgia	4,207	4,658	4,121	4,368	3,927
Charleston & Western Carolina	423	424	545	1,614	1,550
Clinchfield	1,634	1,639	1,294	2,751	2,947
Columbus & Greenville	428	306	170	256	291
Durham & Southern	143	184	183	855	606
Florida East Coast	790	391	331	1,221	827
Gainesville Midland	39	31	26	148	95
Georgia	1,191	1,218	936	2,572	2,053
Georgia & Florida	330	395	306	414	515
Gulf, Mobile & Ohio	4,075	3,836	2,815	4,651	3,127
Illinois Central System	26,554	25,879	19,251	16,877	14,261
Louisville & Nashville	25,665	26,326	21,792	10,602	7,854
Macon, Dublin & Savannah	261	240	152	700	667
Mississippi Central	186	202	107	541	388
Nashville, Chattanooga & St. L.	3,301	3,383	2,704	4,379	3,51
Norfolk Southern	1,300	1,412	1,158	1,690	1,25
Piedmont Northern	321	453	360	1,188	1,412
Richmond, Fred. & Potomac	533	469	391	8,991	5,851
Seaboard Air Line	10,196	9,578	8,107	8,094	6,101
Southern System	23,348	23,721	20,139	23,120	19,687
Tennessee Central	614	545	453	851	839
Winston-Salem Southbound	86	150	139	840	78
Total	118,409	116,807	94,752	109,875	88,002
Northwestern District—					
Chicago & North Western	21,567	22,772	20,368	12,571	12,76
Chicago Great Western	2,140	2,960	2,502	3,109	3,19
Chicago, Milw., St. P. & Pac.	19,260	23,802	19,389	9,716	10,230
Chicago, St. Paul, Minn. & Omaha	3,269	3,888	3,555	2,917	4,47
Duluth, Missabe & Iron Range	30,150	26,264	21,260	445	205
Duluth, South Shore & Atlantic	1,286	1,333	916	601	56
Elgin, Joliet & Eastern	9,058	10,855	8,990	10,335	9,76
Ft. Dodge, Des Moines & South	527	546	581	121	12
Great Northern	27,583	27,000	22,232	5,107	4,36
Green Bay & Western	485	578	473	773	70
Lake Superior & Ishpeming	2,751	3,478	3,881	67	9
Minneapolis & St. Louis	2,152	2,312	1,834	2,144	2,26
Minn., St. Paul & S. S. M.	7,339	8,188	7,366	3,250	3,1
Northern Pacific	11,544	11,558	9,305	5,039	5,009
Spokane International	189	302	327	613	50
Spokane, Portland & Seattle	2,679	2,665	1,662	2,742	2,08
Total	141,979	148,501	124,641	59,560	59,52
Central Western District—					
Atch., Top. & Santa Fe System	26,308	25,624	22,113	11,514	7,97
Alton	3,643	3,916	3,533	4,320	3,17
Bingham & Garfield	731	709	539	139	8
Chicago, Burlington & Quincy	17,601	19,722	17,131	10,272	10,40
Chicago & Illinois Midland	2,305	2,515	1,852	847	95
Chicago, Rock Island & Pacific	13,330	14,124	13,066	11,686	10,62
Chicago & Eastern Illinois	2,389	2,995	2,536	4,212	3,03
Colorado & Southern	705	773	512	1,673	1,60
Denver & Rio Grande Western	3,330	3,074	2,486	5,379	3,80
Denver & Salt Lake	664	636	275	23	2
Fort Worth & Denver City	1,091	1,459	1,111	1,393	1,13
Illinois Terminal	1,639	2,061	1,716	2,572	2,12
Missouri-Illinois	1,008	1,135	899	366	73
Nevada Northern	2,043	2,005	1,809	150	11
North Western Pacific	1,162	980	814	579	57
Peoria & Pekin Union	28	28	26	0	
Southern Pacific (Pacific)	31,785	30,118	23,755	9,417	6,90
Toledo, Peoria & Western	227	410	439	1,321	1,57
Union Pacific System	15,208	16,058	14,187	13,804	10,89
Utah	600	273	229	11	
Western Pacific	2,078	1,798	1,736	2,750	2,61
Total	127,875	130,413	110,769	82,428	68,35
Southwestern District—					
Burlington-Rock Island	273	160	136	191	24
Gulf Coast Lines	4,240	2,609	2,339	2,094	1,87
International-Great Northern	2,424	1,939	1,530	2,687	2,0
Kansas, Oklahoma & Gulf	393	235	202	782	1,00
Kansas City Southern	5,650	2,586	1,875	2,855	2,35
Louisiana & Arkansas	4,361	2,107	1,675	2,248	1,72
Litchfield & Madison	287	347	238	1,283	95
Midland Valley	701	561	503	197	24
Missouri & Arkansas	158	173	174	451	32
Missouri-Kansas-Texas Lines	5,147	4,710	4,293	4,458	3,76
Missouri Pacific	17,153	16,823	14,412	17,559	10,83
Quanah Acme & Pacific	102	179	74	261	16
St. Louis-San Francisco	9,059	9,061	7,085	7,749	5,45
St. Louis Southwestern	2,593	2,419	2,026	7,059	3,12
Texas & New Orleans	11,517	6,642	5,549	5,178	3,8
Texas & Pacific	5,261	3,536	3,392	7,177	4,75
Wichita Falls & Southern	134	156	137	32	8
Weatherford M. W. & N. W.	54	16	33	32	4
Total	69,507	54,259	45,676	62,293	42,90

*Previous week's figure.
Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity*	
				Current	*Cumulative*
1942—Week Ended—					
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96
June 6	110,226	120,374	283,390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120,259	231,358	72	92
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Scrap Rubber Drive Yields 454,155 Tons

President Roosevelt issued on July 21 the report of the Petroleum Industry War Council revealing that the scrap rubber collection drive yielded 454,155 tons. The campaign was conducted between June 15 and July 10. This accumulation represented a national pound per capita collection of 6.87.

Leading all other States with respect to the amount of rubber turned in was California with 40,247 tons. The report, however, listed Nevada as first in per capita contribution, 30.13 pounds. New York State was sixth in quantity, with 19,835 tons, but was next to last in per capita collection among the States and Territories—2.88 pounds.

William R. Boyd, Chairman of the Petroleum Industry War Council, who made the report to the President, said that the total "is a very substantial contribution to the nation's rubber stockpile."

War Production Board Chairman Nelson and Petroleum Coordinator Ickes also expressed satisfaction with the collection and praised the petroleum industry for its part in the drive.

The tonnage and per capita collections, by State, follows, according to the Associated Press:

"Connecticut, 3,607 tons and 4.22 per capita; Maine, 3,179 and 7.51; Massachusetts, 11,083 and 5.13; New Hampshire, 2,412 and 9.80; Rhode Island, 1,964 and 3.90; Vermont, 2,153 and 11.99. Alabama, 5,280 tons and 3.73 pounds per capita; Arkansas, 5,600 and 5.75; District of Columbia, 1,091 and 3.29; Florida, 7,772 and 8.19; Georgia, 5,462 and 3.50; Kentucky, 8,191 and 5.76; Louisiana, 6,273 and 5.31; Maryland, 4,447 and 4.88; Mississippi, 4,730 and 4.33; New York, 19,385 and 2.88. North Carolina, 8,264 and 4.63; South Carolina, 4,128 and 5.51; Tennessee, 8,504 and 5.83; Virginia, 4,314 and 4.54.

"Arizona, 3,737 tons and 14.98 pounds per capita; California, 40,247 and 11.65; Colorado, 5,800 and 10.38; Delaware, 846 and 6.34; Idaho, 4,328 and 16.49; Illinois, 27,800 and 7.04; Indiana, 14,008 and 8.17.

"Iowa, 12,105 and 9.54; Kansas, 13,569 and 15.07; Michigan, 20,030 and 7.62; Minnesota, 16,393 and 11.74; Missouri, 13,521 and 7.15; Montana, 4,446 and 15.91; Nebraska, 7,994 and 12.15; Nevada, 16,657 and 30.13; New Jersey, 6,394 and 3.07; New Mexico, 2,327 and 8.75.

"North Dakota, 5,066 and 15.78; Ohio, 22,165 and 6.42; Oklahoma, 12,453 and 11.19; Oregon, 10.221 and 18.75; Pennsylvania, 19,322 and 3.90; South Dakota, 4,000 and 12.44; Texas, 27,685 and 8.63; Utah, 3,395 and 12.36; Washington, 13,012 and 14.99; West Virginia, 4,314 and 4.54; Wisconsin, 13,556 and 8.64; Wyoming, 1,600 and 14.34; Hawaii, 1,464 and 6.76, and Alaska, 20 and .55."

Previous reference to the scrap rubber drive was made in these columns of July 16, page 192.

Ends Export Cotton Sales

The U. S. Department of Agriculture announced on July 21 termination of the Cotton Sales for Export Program administered by the Commodity Credit Corporation, effective July 21. Exporters were permitted to register sales of cotton for export until that date, said the Department, which added:

"In order to comply with the provisions of the Appropriations Act for the 1943 fiscal year of the Department, no further sales may be registered under this program after July 21. Purchase orders covering sales registered prior to that date will be honored by the CCC in accordance with the terms and conditions of the program, but it is essential that these purchase orders be submitted as rapidly as possible."

Items About Banks, Trust Companies

The Colonial Trust Co., at its Rockefeller Center office, Sixth Avenue at 48th Street, New York City, has on display 68 rare books on the history of accounting, some of which date back to the 15th Century. Arthur S. Kleeman, President, announced that the collection, which is a part of the Herwood Library of Accountancy, owned by Herwood & Herwood, certified public accountants, had been loaned to the bank for a showing until Aug. 1. The bank invites the public and accountants especially to inspect the collection.

M. J. Fleming, President of Federal Reserve Bank of Cleveland, announces the admission to membership in the Federal Reserve System of The Citizen's Bank, Cardington, Ohio. The bank was incorporated in 1894 with a paid-in capital of 25,000, which was increased to $50,000 on Nov. 1, 1921, and decreased to $35,000 on June 6, 1934, by reducing the par value of the shares from $100 to $70. Total deposits of the bank at the present time are about $550,000. The officers of the bank are Cline Sherman, President; G. H. Ruhlman, Vice-President; E. M. Willits, Cashier; F. M. Hartsock, Secretary, and K. P. Heacock, Assistant Cashier.

Chester D. Seftenberg, Vice-President and Trust Officer of the Oak Park Trust & Savings Bank, Oak Park, Ill., and last year President of the Trust Division of the Illinois Bankers Association, has been ordered to active duty as a Captain in the Army Air Forces. While he is on leave of absence from the bank, President Ellis H. Denney will assume active direction of the trust department, with Vice-President Harold T. Teasdale as the officer in charge. Mr. Seftenberg has served as President of the Wisconsin Trust Companies Association, and as Vice-President for Illinois of the Trust Division of the American Bankers Association. He obtained his A B cum laude from Lawrence College and attended the University of Wisconsin Law School. He is a member of the American, Chicago and Wisconsin Bar Associations, Board of Governors and Chairman of the Budget-Finance Committee of the Oak Park, etc.

The Union Bank, Loogootee, Ind., became a member of the Federal Reserve Bank of St. Louis on July 22. The new member, organized in July, 1929, has a capital of $30,000, surplus of $20,000, and total resources of $397,822. Its officers are: J. J. Hoffman, President; J. W. Strange, Vice-President; John T. Prather, Cashier; Donald Bullock and Esther Grannan, Assistant Cashiers. The addition of the Union Bank brings the total membership of the Federal Reserve Bank of St. Louis to 444 and marks the seventh State bank in this district to join the System since the first of the year.

Senate Comm. Holds Tax Bill Hearings

Before the hearings now being conducted by the Senate Finance Committee on the $6,271,200,000 tax bill passed by the House on July 20 opposition to the Treasury's plan to collect income taxes at the source was voiced on July 27 by Beardsley Ruml, Chairman of the Federal Reserve Bank of New York, who presented a plan said to have been endorsed by several industrialists and others for a pay-as-you-go system of collecting individual income taxes. As to his proposal advices to the New York "Journal of Commerce" from its Washington bureau said:

"Under this plan, it was suggested that the income tax for 1942 be dropped and that instead of paying 1942 income taxes in 1943, the taxpayer would pay his 1943 taxes out of income earned during 1943.

"Since the Treasury does not consider taxes receivable, Mr. Ruml said, the 1942 taxes could be written off the Government's balance sheet 'without the change of a single penny.'

"Such a system, Mr. Ruml said, would do away with the necessity of a taxpayer paying two years' income taxes in one year and would also permit full use of the withholding tax.

"As part of the plan, Mr. Ruml suggested that every taxpayer should declare a tentative tax in March which would estimate the amount of taxes which he would earn in a year. Because the taxpayer, in many cases, can not know the exact amount he will earn in the year, his tentative tax should be based upon income for the previous year, Mr. Ruml said.

"At the end of the year when the amount of income could be actually ascertained, Mr. Ruml's plan calls for adjustments to correct the tentative tax to the actual tax liability.

"The pay-as-you-go plan also provides for a withholding tax which would conform to the normal and surtax rates approved by Congress so that at the end of the year, a person would have his entire tax bill paid up out of the amounts withheld from his income.

"One of the big advantages of the 'pay as you go plan,' Mr. Ruml pointed out is that it would enable a taxpayer to pay his entire current year's income taxes at a withholding tax rate much lower than is possible under the Treasury's program which superimposes a 5% withholding tax upon the previous year's income tax payments.

"Under the rates for individual income taxes as approved by the House, Mr. Ruml pointed out, the taxpayer in the lowest surtax brackets would be subject to a 24% tax on income in excess of his individual exemptions.

"However, it was pointed out that under the 'pay as you go plan,' the withholding tax rate could be made 19% for this taxpayer since he would no longer be concerned with payments on his previous year's income taxes, upon which a 5% withholding tax rate was superimposed.

"The plan, according to the New York banker, would also make it possible to put tax payments on a current basis without the necessity for collecting two years' taxes in one."

The Committee also heard on July 27, Truslow Hyde, Jr. of Scarsdale, N. Y., who representing Josephthal & Co., urged the Committee to amend the bill to permit public utility companies to deduct from their taxable income the dividends paid on preferred stock.

According to the Associated Press Mr. Hyde contended that such dividends should be similarly classed with interest paid on bonds. He estimated that this change would cost the Government $70,000,000 in potential taxes, which he said was "a cheap price to pay" for the maintenance of public utility credit. The same advices said.

"J. Frederick Eagle, a New York attorney, and Henry Forster, a Manhattan real estate operator, advocated a revision to permit cooperative apartment owners to deduct taxes and interest payments on such property from their taxable incomes."

At the Committee's hearing on July 27 M. L. Seidman, Chairman of the Taxation Committee of the New York Board of Trade proposed that the committee amend the tax bill by removing personal income tax exemptions so as to raise an additional $5,000,000,000 revenue. Associated Press advices in indicating the views presented by Mr. Seidman said:

"A survey showed the committee to be widely divided on the sales tax. Calling the House bill, estimated to increase revenues by more than six billions, 'totally inadequate,' the witness said the measure ought to be broadened sufficiently to reach upward of 30,000,000 persons instead of the 7,000,000 he said now paid Federal tax.

"Mr. Seidman contended that a House approved proposal for the advance collection of individual income taxes by 5% deductions at the source on pay checks, interest and dividends would 'impose a terrific burden upon business already overwhelmed by governmental requirements.' Business firms would be charged with the collections from pay rolls.

"Recommending several changes in corporation taxes, the witness urged that combined normal and surtax rates on corporations be reduced from the House bill's figure of 45% to 33⅓% if the 90% excess profits tax were retained.

"'I would rather see a 100% excess profits tax with a 25% post-war credit than a 90% tax with a 10% post-war credit,' he declared. The House made no provision for post-war rebates, but the Treasury has recommended a 10% allowance.

"Remarking that there appeared to be no more revenue of any size to be obtained from wealthy taxpayers, Mr. Seidman declared that more than 60% of all families, including half of the nation's wage earners, were exempted from individual income taxes.

"'I propose, for the duration,' he said, 'a 10% war tax on every dollar of net income that is exempt under this bill because of personal exemptions or credit for dependants. This is to be conditioned upon the present normal tax remaining at 4% instead of the proposed 6%. I estimate that the net result would be an additional $5,000,000,000 in revenue. In the alternative, I propose a sales tax to raise about the same amount.'

"Mr. Seidman said he was in favor of Federal taxation of future issues of State and municipal bonds and believed all past issues ought to be taxed at least for the duration of the war.

"Instead of the pay roll collection tax, he proposed that individual income payments be collected in monthly instalments, beginning next Oct. 1, so that the last quarter of this year's tax would be paid by December and the collection would carry forward from there.

"The witness objected to retention of the present capital stock tax and expressed the opinion that a maximum levy of 15% ought to be fixed on long term capital gains, with a maximum of 30% on short term gains.

"He opposed proposed changes that would put all taxpayers on a calandar year basis and said provision ought to be made to permit the establishment of corporation reserves out of profits, making it deductible from taxable income.

"Mr. Seidman ridiculed the idea that any appreciable taxes could be obtained by fixing a personal income ceiling of $25,000 a year. President Roosevelt made such a suggestion to Congress.

"'If all incomes over $25,000 were completely confiscated instead of being taxed as proposed in this bill,' Mr. Seidman said, 'I estimate the Government would collect an additional $500,000,000, which is less than 1% of the $53,000,000,000 deficit. . . .'

"Secretary of the Treasury Morgenthau said 'we are paying $150,000,000 a day on the war. If we confiscated all income over $25,000 a year, we would get only enough money to pay the expenses of the Government for three days'."

Reference to the adoption of the tax bill by the House on July 20 appeared in our issue of July 23, page 281. We are referring elsewhere in the current issue to the statement on the bill presented to the Senate Committee on July 23 by Secretary Morgenthau.

ABA Completes Survey of State Banks

Completion of the annual survey of the condition and operation of state banks of the Committee on State Bank Research of the State Bank Division of the American Bankers Association is announced by James H. Penick, President of the Division. Mr. Penick is President of the W. B. Worthem Co., bankers, at Little Rock, Ark. It is indicated that the study shows that the resources, investments, and deposits of State chartered banks all rose to new record highs on Dec. 31, 1941. The survey is a 70-page book containing many tables and charts showing the resources and liabilities of the various classes of banks in national totals and by state and comparative ratios based on these, and also tables on earnings and expenses. The purpose of the survey is set forth by the committee on State Bank Research in the introduction as follows:

"Meeting the problems of this vitally important period in the history of banking necessitates our being equipped with information about our banks and their operations. You will be interested in comparing your bank's ratios as to resources, liabilities, earnings, and expenses with the averages in your state as well as with the averages in other states, in order to secure a comparison of your operations on a nationwide basis. We also believe that the comparative tables, as well as the information given by charts and graphs, will be helpful in improving bank management and increasing earnings."

Copies of the survey have been mailed to all members of the State Bank Division. The committee consists of W. E. Carter, President Bank of Carthage, Carthage, Mo., Chairman; John B. Byrne, President Hartford-Connecticut Trust Co., Hartford, Conn,; Joseph F. Hammond, President Citizens Trust Company, Paterson, N. J.; B. D. Mitchell, President Union Bank & Trust Co. of Kokomo, Ind.; Travis Oliver, President Central Savinks Bank & Trust Co. of Monroe, La.; and R. B. Patton, Executive Vice-President American Exchange Bank of Henryetta, Okla.

War Industry Strikes Increased During June

In June of this year, man-days lost from war production by strikes were 9/100 of 1% of total man-days worked, William H. Davis, Chairman of the National War Labor Board, announces, which notes that the strike statistics were gathered by an interdepartmental committee on war strike statistics consisting of representatives of the War, Navy and Labor Departments, the War Production Board, the Maritime Commission and the War Labor Board. The term "strike" is used to include all stoppages of work due to labor disputes whether strikes or lockouts. The following table, issued by the War Labor Board, gives a detailed picture of the strike situation as it affected war production during June, compared with May of this year:

	June, 1942	May, 1942
Man-days lost	254,653	137,300
Man-days worked (estimated)	275,000,000	242,000,000
Percentage —Time lost to time worked	9/100 of 1%	6/100 of 1%
Number of strikes in progress	192	144
Number of men involved	84,775	47,800

FDR Lauds Hoover of FBI

President Roosevelt on July 25 congratulated J. Edgar Hoover, Director of the Federal Bureau of Investigation, for his "leadership, foresight and direction" in bringing the FBI "to the forefront among all the law enforcement agencies of the world."

The President sent the letter to Mr. Hoover on the occasion of the graduation of the 19th class of the FBI National Police Academy and in view of the fact that July 26 marked the 25th anniversary of Mr. Hoover's official services with the Department of Justice.

The President's letter congratulating Mr. Hoover said:

"My dear Mr. Hoover:

"I extend to you my personal message of greetings on this day which marks the occasion of the graduation of the 19th class of the FBI National Police Academy. During my administration I have witnessed the establishment by you of the National Police Academy as an integral part of the Federal Bureau of Investigation. Under your direction and inspiration this academy has made an important contribution to the police of the nation. You have trained the teachers who have carried the benefits of their training to more than 100,000 American police officers.

"This month, I am advised, marks the 7th anniversary of the founding of the FBI National Police Academy. When I issued the Directive of Sept. 6, 1939, designating the FBI as the coordinating agency in the field of counter-espionage, counter-sabotage and in other fields opposed to subversive and fifth-column activities, the FBI and the police of the nation were ready for prompt action.

"The FBI and local, county and State law enforcement agencies have joined in an effective and successul undertaking in maintaining our internal security against enemy agents. While our military, Naval and Air Forces are engaging the enemy wherever they may be found, the FBI and its cooperating agencies are finding the enemies within our gates who seek to destroy our liberty and our freedom. This work, which the men and women of the FBI are doing, is vitally essential to our war effort in order to insure our victory.

"I wish to add my personal congratulations to you, since tomorrow, July 26, 1942, marks the 25th anniversary of your official services with the United States Department of Justice. Your leadership, foresight and direction have brought the Federal Bureau of Investigation to the forefront among all the law enforcement agencies of the world. Your services to our citizens and to our nation have been conspicuous in efficiency, in effectiveness and in results. I am sure that all our people have just cause to be grateful to you for your fine work and splendid leadership, both in peacetime and war."

Industrial Employment In Illinois Drops

Reports from a sample group of 6,542 Illinois industrial establishments indicated that employment dropped off 0.2% while payrolls increased 0.8% between May and June, according to a statement issued July 23 by Francis B. Murphy, Director of the Illinois Department of Labor. These establishments employed 804,558 persons in June, or approximately one-third of the total number of non-agricultural employees in the State. Since this sample group of reporting establishments is weighted heavily with manufacturing industries, the "all reporting industries" changes are not entirely representative of the employment trends for all lines of industrial activity within the State.